



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

February 19, 2010

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

RECEIVED

FEB 19 2010

PUBLIC SERVICE
COMMISSION

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of January 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 01, 2010.

ES FORM 3.11 (SO₂ Emission Allowances) has been revised to reflect the allowances consumption based on vintage year. For years 2009 and prior, the consumption ratio per allowance is 1:1 and for years 2010 to 2014 the consumption per allowance is 2:1.

Attached is a schedule that reflects the major changes in environmental facilities net investment at Ohio Power Company's share of Amos Plant Unit 3 (Es FORM 3.14, Page 3 of 11) and Ohio Power Company's Gavin Plant (ES FORM 3.14, Page 5 of 11) for year 2009. The primary investment at Amos Plant Unit 3 was a Scrubber (FGD). At Gavin Plant, the primary change was the capitalization of the Scrubber (FGD) that had been under lease with JMG Funding. The lease was terminated and the Scrubber was capitalized as part of generation plant in 2009.

If there are any questions please contact me at 502-696-7010.

Errol K. Wagner
Director Regulatory Services
Enclosures

Kentucky Power Company
 ES FORM 3.14 - Changes in Utility Plant at Original Cost

Plant	Description	Amount
Ohio Power Company's share of Amos Plant - Unit 3 ES FORM 3.14 Page 3 of 11	Environmental Facilities Investment as of December 31, 2008	\$91,985,591
	Year 2009 Net Additions -	
	SCR	(\$2,315,748)
	SCR Catalyst	\$1,602,730
	Precipitator Modifications	\$132,334,171
	FGD (Scrubber)	\$372,173,897
	Landfill	\$1,876,775
	Coal Blending Facilities	\$3,575,879
	Environmental Facilities Investment as of December 31, 2009	\$601,233,295
	Ohio Power Company's Gavin Plant ES FORM 3.14 Page 5 of 11	Environmental Facilities Investment as of December 31, 2008
Year 2009 Net Additions -		
SCR		\$220,954
SCR Catalyst		\$4,851,957
FGD (Scrubber)		\$691,102,005
Low NOx Burners		\$2,687,177
SO3 Mitigation		(\$10,501)
Environmental Facilities Investment as of December 31, 2009		\$957,056,293

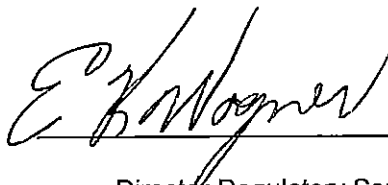
KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of January 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,719,203
LINE 2	Brr from ES FORM 1.10	\$2,531,784
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,187,419
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.2%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,688,688
LINE 5A	Environmental Surcharge Clause Adjustment per Order in Case No. 2009 - 00316 dated January 20, 2010	(\$85,082)
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$455,165)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,148,441
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,148,441
LINE 9	KY Retail R(m) from ES FORM 3.30	\$50,334,032
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.2816%

Effective Date for Billing:

March 2010

Submitted By :



Title :

Director Regulatory Services

Date Submitted :

February 19, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of January 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of January 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,673,363
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$45,918
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$78 \$78 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$78
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		----- \$4,719,203

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of January 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$54,149,328)	
3	Less Accum. Def. Income Taxes	(\$42,481,107)	
4	Net Utility Plant		\$94,697,117
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,660,047
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$37,966
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$155,102
8	Total Rate Base		\$107,550,232
9	Weighted Average Cost of Capital - ES FORM 3.15	9.52%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.79%
11	Monthly Return of Rate Base (8) * (10)		\$849,647
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,357,004
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$413,258
18	Monthly SO2 Emission Allowance Consumption		\$385,323
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,823,716</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,673,363

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		10,582	94,744	\$0	\$0	\$0.000
P & E Transfers In		1,332	327,201	\$130,472	\$4,855,695	\$14.840
Intercompany Purchases		13,191	33,930	\$6,208,212	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	1,897					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,140	9,037	563,033	\$385,323	\$38,115,277	\$67.696
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,116,798		\$12,660,047	\$11.336
Expense Month Member Load Ratio for AEP/Kentucky Power						0.07173

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	16,218	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		17,381		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	470	\$441,600	\$565,871	\$1,203.981
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,005	8,837	\$9,010	\$527,905	\$59.738
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		36,255		\$37,966	\$1.047

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of January 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$411,684	
3	Monthly SO2 Allowance Consumption	<u>\$385,323</u>	
4	Total 1997 Plan O&M Expenses		\$827,558
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$395,987	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$9,010	
9	Equipment - Associated Operating Expenses	\$1,281	
10	Equipment - Associated Maintenance Expenses	<u>\$6,981</u>	
11	Total 2003 Plan O&M Expenses		<u>\$413,258</u>
12	Total Monthly O&M Expenses		<u>\$1,240,816</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$155,102

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 January 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$163.62	\$0.00	\$0.00	\$163.62
Boiler Acoustic Horns	\$460.00	\$0.00	\$0.00	\$460.00
SCR Acoustic Horns	\$3,499.43	\$0.00	\$0.00	\$3,499.43
SCR Boiler Outlet Ductwork	\$44.28	\$1,765.90	\$0.00	\$1,810.18
SCR NOx Monitoring	\$1,363.97	\$0.00	\$0.00	\$1,363.97
SCR Reactor	\$1,500.00	\$0.00	\$0.00	\$1,500.00
SCR Seal Layup Fan	\$217.09	\$0.00	\$0.00	\$217.09
Total SCR January 2010 O & M Expense	\$7,248.39	\$1,765.90	\$0.00	\$9,014.29
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$1,280.58	\$1,280.58
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	(\$2,033.53)	\$0.00	\$0.00	(\$2,033.53)
January 2010 O & M Expenses Filed				\$8,261

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of January 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$393,588		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$298,584		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$818,844		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$4,524		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$737,412		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$72,384		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$9,048		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$4,524	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$18,096	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,334,384	\$22,620	\$2,357,004

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of January 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$771,283		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,354,790		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,681,839		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,357,459		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$250,930		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,450,009	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,425,000	5,366,000	
13	Environmental Base (\$/kw)	\$1.12	\$0.01	
14	Company Surplus Weighting	81.00%	17.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.91	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	452,400	452,400	
17	Fixed O&M Environmental Cost to Kentucky Power	\$411,684	\$0	\$411,684

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$451,711
8	Trona (5020003)	\$271,560
9	Lime Stone (5020004)	\$423,417
10	Air Emission Fee	<u>\$10,178</u>
11	Total Operations (Lines 6 thru 10)	\$1,156,866
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	Scrubber (FGD) Maintenance (5120000)	<u>\$0</u>
14	Total Maintenance (12) + (13)	<u>\$0</u>
15	1/2 of Maintenance (14) * 50%	<u>\$0</u>
16	Fixed O&M (11) + (15)	\$1,156,866
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$771,283</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,008,179
20	Ohio Power Company Steam Capacity (kw)	8,425,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.07
22	Ohio Power Surplus Weighing	81.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
25	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$393,588

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$149,410
5	Urea (5020002)	\$195,386
6	Trona (5020003)	\$94,420
7	Lime Stone (5020004)	\$442,538
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$892,360
	Maintenance :	
10	SCR Maintenance (5120000)	\$12,272
11	Scrubber (FGD) Maintenance (5120000)	<u>\$912,587</u>
12	Total Maintenance (11) + (12)	\$924,859
13	1/2 Maintenance (12) * 50%	<u>\$462,430</u>
14	Fixed O&M (9) + (11)	<u>\$1,354,790</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,811,375</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,811,375
18	Ohio Power Company Steam Capacity (kw)	8,425,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.81
20	Ohio Power Surplus Weighing	81.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
23	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$298,584

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$761,664
5	Lime (5020001)	\$3,490,483
6	Urea (5020002)	\$789,641
7	Trona (5020003)	\$412,306
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$5,490,111
	Maintenance :	
12	SCR Maintenance (5120000)	\$22,179
13	Scrubber Maintenance (5120000)	<u>\$361,276</u>
14	Total Maintenance (12) + (13)	\$383,455
15	1/2 of Maintenance (13) * 50%	<u>\$191,728</u>
16	Fixed O&M (11) + (15)	<u>\$5,681,839</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$18,793,510
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,793,510
20	Ohio Power Company Steam Capacity (kw)	8,425,000
21	Gavin Plant (\$/kw)	\$2.23
22	Ohio Power Surplus Weighing	81.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.81
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.81
25	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$818,844

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$18,549</u>
7	Total Operations (4) + (5) + (6)	\$18,549
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$18,549</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$116,830</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$116,830
14	Ohio Power Company Steam Capacity (kw)	8,425,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	81.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$4,524

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$120,971
5	Lime Stone (5020004)	\$669,270
6	Urea (5020002)	\$510,689
7	Trona (5020003)	\$67,911
8	Air Emission Fee	<u>\$15,502</u>
9	Total Operations (Lines 4 thru 8)	\$1,384,343
	Maintenance :	
10	FDG (5120000)	(\$59,246)
11	SCR Maintenance (5120000)	<u>\$5,477</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>(\$26,885)</u>
13	Fixed O&M (9) + (12)	<u>\$1,357,459</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,962,617</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,962,617
17	Ohio Power Company Steam Capacity (kw)	8,425,000
18	Mitchell Plant (\$/kw)	\$2.01
19	Ohio Power Surplus Weighing	81.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.63
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.63
22	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
23	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$737,412

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$212,929
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$32,912</u>
7	Total Operations (4) + (5) + (6)	\$245,841
	Maintenance :	
8	SCR Maintenance (5120000)	\$10,177
9	1/2 of Maintenance (8) * 50%	<u>\$5,089</u>
10	Fixed O&M (7) + (9)	<u>\$250,930</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,719,367</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,719,367
14	Ohio Power Company Steam Capacity (kw)	8,425,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	81.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16
19	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$72,384

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,159</u>
7	Total Operations (4) + (5) + (6)	\$15,159
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,159</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$293,242</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$293,242
14	Ohio Power Company Steam Capacity (kw)	8,425,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	81.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.02
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>452,400</u>
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$9,048

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of January 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	<u>1.37%</u> \$24,348	<u>1.37%</u> \$144,462	<u>1.37%</u> \$228,919	<u>1.37%</u> \$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	<u>50%</u> \$19,987	<u>85.00%</u> \$122,793	<u>65.08%</u> \$148,980	<u>50.00%</u> \$15,084	
15	Total Rockport Plant Common and Units 1 & 2					\$306,844
16	Indiana Michigan Power Company Steam Capacity (kw)					5,366,000
17	Rockport Plant (\$/kw) (14) / (15)					\$0.06
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					17.00%
19	Rockport Plant Costs to Kentucky Power : Rockport Plant Portion (\$/kw) (18)					\$0.01
20	Kentucky Power Capacity Deficit (kw)					\$0.01
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					<u>452,400</u> \$4,524

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of January 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,366,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	17.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	452,400
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$18,096

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of January 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
		As of 04/30/2009							
1	L/T DEBT	\$420,000,000	40.964%	6.05%		2.48%			2.48%
2	S/T DEBT	\$156,177,865	15.233%	2.43%		0.37%			0.37%
3	ACCTS REC								
3	FINANCING	\$44,758,222	4.365%	3.17%		0.14%			0.14%
4	C EQUITY	\$404,345,136	39.437%	10.50%	1/	4.14%	1.5760	2/	6.53%
5	TOTAL	\$1,025,281,223	100.000%			7.13%			9.52%
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.47%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105		
10	AFTER-TAX PRODUCTION INCOME						57.4051		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4051		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9105		
19	STATE (LINE 4)						5.6372		
20	BLENDED TAX RATE						36.5477		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.32%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 04/30/2009 based on Case No. 2009-00316, dated January 20, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of January 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
		Return on Rate Base :							
1		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
2		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3		AEGCo Low NOx Burners (LNB) Installed Cost						(\$52,380)	
4		Flyash Landfill Installed Cost						(\$14,950)	
5		Less Accumulated Depreciation							
6		Less Accum. Def. Income Taxes							
7		Total Rate Base	10.1180%	\$630,751	\$3,481,663	\$5,644,078	\$9,125,741	\$2,117,962	
8		Weighted Average Cost of Capital - ES FORM 3.21							
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.8432%			0.8432%	0.8432%	
10		Monthly Return of Rate Base (Line 6 * Line 8)		\$7,005			\$76,948	\$17,859	
11		Operating Expenses :							
12		Monthly Depreciation Expense							
13		Monthly Indiana Air Emissions Fee		\$5,212	\$15,466	\$24,502	\$39,968	\$4,365	
14		Total Operating Expenses (Line 10 + Line 11)		\$15,625	\$0	\$0	\$0	\$0	
15		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$20,837			\$39,968	\$4,365	
16		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$27,842			\$116,916	\$22,224	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$4,176			\$35,075	\$6,667	
		Kentucky Power's Portion of Rockport Plants'							
		Total Revenue Requirement. (C 4, Lh 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							\$45,918

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of January 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 01/31/2010							
1	L/T DEBT	78,090,337	36.5733%	4.9445%		1.8084%			1.8084%
2	S/T DEBT	49,025,442	22.9609%	0.1567%		0.0360%			0.0360%
3	CAPITALIZATION								
3	OFFSETS	0	-0.0001%	3.0979%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	86,401,719	40.4659%	12.1600%	1/	4.9207%	1.681379	2/	8.2736%
6	TOTAL	213,517,498	100.0000%			6.7651%			10.1180%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

**KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT**

For the Expense Month of January 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$50,334,032	77.2%
2	FERC Wholesale Revenues	\$634,952	1.0%
3	Associated Utilities Revenues	\$5,589,209	8.6%
4	Non-Assoc. Utilities Revenues	\$8,590,463	13.2%
5	Total Revenues for Surcharges Purposes	\$65,148,656	100.0%
6	Non-Physical Revenues for Month	\$579,320	
7	Total Revenues for Month	\$65,727,976	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for November 2009	3.0150%
2	Kentucky Retail Revenues for Current Expense Month	\$48,968,955
3	Surcharge Collected (1) * (2)	\$1,476,414
4	Surcharge Amount To Be Collected	\$1,021,249
5	Over/(Under) Recovery (3) - (4) = (5)	\$455,165

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

March 19, 2010

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

RECEIVED

MAR 19 2010

PUBLIC SERVICE
COMMISSION

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of February 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 30, 2010.

On ES FORM 3.12 B Column 4, the Cumulative Dollar Balance is a credit of (\$2,269). There are two reasons, one was in December 2009, an accrual purchase of 370 NOx allowances for \$441,600 was reported, but the actual purchase was 340 NOx allowances for \$404,603. In February 2010, there is a credit of 30 NOx allowances for (\$36,997). The other reason was also in December 2009, there was an accrual of 51 NOx allowances consumed for a consumption cost of \$21,017. This accrual is for the estimated number of annual NOx allowances for the year 2009 expected to be surrendered to the EPA resulting from the New Source Review (NSR) consent review.

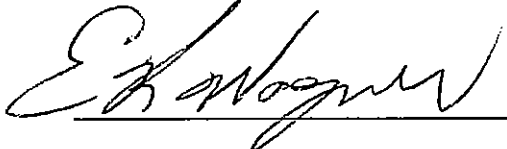
If there are any questions please contact me at 502-696-7010.

Errol K. Wagner
Director Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of February 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,311,383
LINE 2	Brr from ES FORM 1.10	\$3,003,995
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,307,388
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	81.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,062,907
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$363,212)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$699,695
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$699,695
LINE 9	KY Retail R(m) from ES FORM 3.30	\$52,396,461
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.3354%

Effective Date for Billing: April 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : March 19, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of February 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of February 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,264,708
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$46,675
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		----- \$4,311,383

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of February 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$54,772,610)	
3	Less Accum. Def. Income Taxes	(\$42,749,670)	
4	Net Utility Plant		\$93,805,272
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,357,499
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		(\$2,269)
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$136,754
8	Total Rate Base		\$106,297,256
9	Weighted Average Cost of Capital - ES FORM 3.15	9.52%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.79%
11	Monthly Return of Rate Base (8) * (10)		\$839,748
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,065,887
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$388,394
18	Monthly SO2 Emission Allowance Consumption		\$302,548
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,424,960</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,264,708

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of February 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	1,298					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,140	8,438	571,471	\$302,548	\$38,417,825	\$67.226
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,108,360		\$12,357,499	\$11.149
Expense Month Member Load Ratio for AEP/Kentucky Power						0.07173

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of February 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	16,218	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		17,381		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of February 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	(30)	440	(\$36,997)	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	858	9,746	\$3,238	\$531,143	\$54.499
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		35,316		(\$2,269)	(\$0.064)

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of February 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$372,537	
3	Monthly SO2 Allowance Consumption	<u>\$302,548</u>	
4	Total 1997 Plan O&M Expenses		\$705,636
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$352,513	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,238	
9	Equipment - Associated Operating Expenses	\$0	
10	Equipment - Associated Maintenance Expenses	<u>\$32,643</u>	
11	Total 2003 Plan O&M Expenses		<u>\$388,394</u>
12	Total Monthly O&M Expenses		<u>\$1,094,030</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$136,754

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 February 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$4,155.87	\$0.00	\$0.00	\$4,155.87
SCR Acoustic Horns	\$3,165.50	\$1,425.00	\$0.00	\$4,590.50
SCR Boiler Outlet Ductwork	\$67.28	\$0.00	\$0.00	\$67.28
SCR NOx Monitoring	\$1,260.68	\$0.00	\$0.00	\$1,260.68
SCR Reactor	(\$73.32)	\$0.00	\$0.00	(\$73.32)
Total SCR February 2010 O & M Expense	\$8,576.01	\$1,425.00	\$0.00	\$10,001.01
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$0.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$22,642.07	\$0.00	\$0.00	\$22,642.07
February 2010 O & M Expenses Filed				\$32,643

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of February 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$334,907		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$319,855		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$681,103		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,763		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$632,184		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$63,971		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,289		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,763	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,052	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,047,072	\$18,815	\$2,065,887

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of February 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$619,518		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$2,963,667		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$4,890,750		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,134,066		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$248,287		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,889,996	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,441,000	5,367,000	
13	Environmental Base (\$/kw)	\$1.17	\$0.01	
14	Company Surplus Weighting	85.00%	15.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.99	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	376,300	376,300	
17	Fixed O&M Environmental Cost to Kentucky Power	\$372,537	\$0	\$372,537

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$495,959
8	Trona (5020003)	\$145,452
9	Lime Stone (5020004)	\$277,641
10	Air Emission Fee	<u>\$10,178</u>
11	Total Operations (Lines 6 thru 10)	\$929,230
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	Scrubber (FGD) Maintenance (5120000)	\$0
14	Total Maintenance (12) + (13)	<u>\$0</u>
15	1/2 of Maintenance (14) * 50%	<u>\$0</u>
16	Fixed O&M (11) + (15)	\$929,230
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$619,518</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,856,414
20	Ohio Power Company Steam Capacity (kw)	8,441,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
22	Ohio Power Surplus Weighing	85.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.89
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.89
25	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
26	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$334,907

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$240,715
5	Urea (5020002)	\$224,805
6	Trona (5020003)	\$122,727
7	Lime Stone (5020004)	\$650,852
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$1,249,705
	Maintenance :	
10	SCR Maintenance (5120000)	\$23,958
11	Scrubber (FGD) Maintenance (5120000)	<u>\$3,403,966</u>
12	Total Maintenance (11) + (12)	\$3,427,924
13	1/2 Maintenance (12) * 50%	<u>\$1,713,962</u>
14	Fixed O&M (9) + (11)	<u>\$2,963,667</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$8,420,252</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$8,420,252
18	Ohio Power Company Steam Capacity (kw)	8,441,000
19	Cardinal Unit No. 1 (\$/kw)	\$1.00
20	Ohio Power Surplus Weighing	85.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.85
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.85
23	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$319,855

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$696,769
5	Lime (5020001)	\$2,662,442
6	Urea (5020002)	\$779,747
7	Trona (5020003)	\$359,791
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$4,534,766
	Maintenance :	
12	SCR Maintenance (5120000)	\$20,705
13	Scrubber Maintenance (5120000)	<u>\$691,262</u>
14	Total Maintenance (12) + (13)	\$711,967
15	1/2 of Maintenance (13) * 50%	<u>\$355,984</u>
16	Fixed O&M (11) + (15)	<u>\$4,890,750</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$18,002,421
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,002,421
20	Ohio Power Company Steam Capacity (kw)	8,441,000
21	Gavin Plant (\$/kw)	\$2.13
22	Ohio Power Surplus Weighing	85.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.81
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.81
25	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
26	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$681,103

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$18,549</u>
7	Total Operations (4) + (5) + (6)	\$18,549
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$18,549</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$116,830</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$116,830
14	Ohio Power Company Steam Capacity (kw)	8,441,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	85.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,763

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$10,855
5	Lime Stone (5020004)	\$579,119
6	Urea (5020002)	\$412,380
7	Trona (5020003)	\$80,606
8	Air Emission Fee	<u>\$15,502</u>
9	Total Operations (Lines 4 thru 8)	\$1,098,462
	Maintenance :	
10	FDG (5120000)	\$44,800
11	SCR Maintenance (5120000)	<u>\$26,407</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$35,604</u>
13	Fixed O&M (9) + (12)	<u>\$1,134,066</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,739,224</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,739,224
17	Ohio Power Company Steam Capacity (kw)	8,441,000
18	Mitchell Plant (\$/kw)	\$1.98
19	Ohio Power Surplus Weighing	85.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.68
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.68
22	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$632,184

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$213,869
5	Trona (5020003)	\$0
6	Air Emission Fee	\$32,912
7	Total Operations (4) + (5) + (6)	\$246,781
	Maintenance :	
8	SCR Maintenance (5120000)	\$3,011
9	1/2 of Maintenance (8) * 50%	\$1,506
10	Fixed O&M (7) + (9)	\$248,287
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,716,724
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,716,724
14	Ohio Power Company Steam Capacity (kw)	8,441,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	85.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.17
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.17
19	Kentucky Power Capacity Deficit (kw)	376,300
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$63,971

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,159</u>
7	Total Operations (4) + (5) + (6)	\$15,159
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,159</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$293,242</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$293,242
14	Ohio Power Company Steam Capacity (kw)	8,441,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	85.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,289

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of February 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,367,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	15.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>376,300</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,052

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of February 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 04/30/2009								
1	L/T DEBT	\$420,000,000	40.964%	6.05%		2.48%			2.48%	
2	S/T DEBT	\$156,177,865	15.233%	2.43%		0.37%			0.37%	
3	ACCTS REC									
3	FINANCING	\$44,758,222	4.365%	3.17%		0.14%			0.14%	
4	C EQUITY	\$404,345,136	39.437%	10.50%	1/	4.14%	1.5760	2/	6.53%	
5	TOTAL	\$1,025,281,223	100.000%			7.13%			9.52%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.47%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.32%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 04/30/2009 based on Case No. 2009-00316, dated January 20, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of February 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4		AEGCo Low NOX Burners (LNB) Installed Cost		(\$798,173)	(\$1,157,243)	(\$1,713,432)		(\$58,790)	
5		Fiyash Landfill Installed Cost		(\$154,012)	(\$648,814)	(\$1,019,756)		(\$17,308)	
6		Less Accum. Def. Income Taxes		\$825,021	\$3,466,600	\$5,619,896	\$9,086,496	\$2,109,194	
7		Total Rate Base	10.2114%						
8		Weighted Average Cost of Capital - ES FORM 3.21		0.8510%			0.8510%	0.8510%	
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$7,021			\$77,326	\$17,949	
10		Operating Expenses :							
11		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
12		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
13		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
14		Total Revenue Requirement, Cost Associated with Rockport Plant							
15		CEMS and LNB (Line 9 + Line 12)		\$27,858			\$117,294	\$24,359	
16		Kentucky Powers' Portion of Rockport's CEMS (Line 13 * 15%)		\$4,179			\$35,188	\$7,308	
		Kentucky Powers' Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Powers' Portion of Rockport Plants'							
		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on							
		ES FORM 3.00 Line 2							\$46,675

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of February 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 02/28/2010							
1	L/T DEBT	78,093,124	37.2280%	4.9443%		1.8407%			1.8407%
2	S/T DEBT	46,209,277	22.0286%	0.1838%		0.0405%			0.0405%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	3.1746%		0.0000%			0.0000%
5	DEBT								
5	C EQUITY	85,467,461	40.7434%	12.1600%	1/	4.9544%	1.681379	2/	8.3302%
6	TOTAL	209,769,862	100.0000%			6.8356%			10.2114%
		=====	=====			=====			=====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						<u>8.500</u>		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						<u>32.025</u>		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						<u>1.681379</u>		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of February 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$52,396,461	81.3%
2	FERC Wholesale Revenues	\$546,046	0.8%
3	Associated Utilities Revenues	\$4,652,630	7.2%
4	Non-Assoc. Utilities Revenues	\$6,891,684	10.7%
5	Total Revenues for Surcharges Purposes	\$64,486,821	100.0%
6	Non-Physical Revenues for Month	\$173,026	
7	Total Revenues for Month	\$64,659,847	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for December 2009	6.3035%
2	Kentucky Retail Revenues for Current Expense Month	\$45,285,207
3	Surcharge Collected (1) * (2)	\$2,854,553
4	Surcharge Amount To Be Collected	\$2,491,341
5	Over/(Under) Recovery (3) - (4) = (5)	\$363,212

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER®**

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Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

April 19, 2010

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

RECEIVED

APR 19 2010

**PUBLIC SERVICE
COMMISSION**

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of March 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after April 29, 2010.

ES FORM 3.12 B reflects the reversal of the December 2009 accrual of 51 annual NOx allowances consumed and \$21,017 consumption cost. This accrual was for the estimated number of annual NOx allowances for year 2009 expected to be surrendered to the EPA resulting from the New Source Review (NSR) consent review. The actual number of annual NOx allowances consumed is 17 and consumption cost is \$56.


If there are any questions please contact me at 502-696-7010.

Errol K. Wagner
Director Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of March 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,250,672
LINE 2	Brr from ES FORM 1.10	\$2,845,066
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,405,606
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.4%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,200,388
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	(\$140,375)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,060,013
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,060,013
LINE 9	KY Retail R(m) from ES FORM 3.30	\$45,622,014
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.3235%

Effective Date for Billing: May 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : April 19, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,222,726
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$48,118
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$20,172 \$20,172 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$20,172
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,250,672

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of March 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$55,395,892)	
3	Less Accum. Def. Income Taxes	(\$42,531,523)	
4	Net Utility Plant		\$93,400,137
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,208,202
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$17,611
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$120,071
8	Total Rate Base		\$105,746,021
9	Weighted Average Cost of Capital - ES FORM 3.15	9.52%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.79%
11	Monthly Return of Rate Base (8) * (10)		\$835,394
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,167,072
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$402,832
18	Monthly SO2 Emission Allowance Consumption		\$149,297
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,387,332</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,222,726

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	189					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,140	7,329	578,800	\$149,297	\$38,567,122	\$66.633
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,101,031		\$12,208,202	\$11.088
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06979

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	16,218	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		17,381		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	294	10,040	(\$19,880)	\$511,263	\$50.923
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		35,022		\$17,611	\$0.503

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of March 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$377,888	
3	Monthly SO2 Allowance Consumption	<u>\$149,297</u>	
4	Total 1997 Plan O&M Expenses		\$557,736
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$401,333	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	(\$19,880)	
9	Equipment - Associated Operating Expenses	\$732	
10	Equipment - Associated Maintenance Expenses	<u>\$20,647</u>	
11	Total 2003 Plan O&M Expenses		<u>\$402,832</u>
12	Total Monthly O&M Expenses		<u>\$960,568</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$120,071

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 March 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$11,142.69	\$3,907.23	\$0.00	\$15,049.92
Boiler Acoustic Horns	(\$7,441.00)	\$0.00	\$0.00	(\$7,441.00)
SCR Acoustic Horns	\$2,856.96	\$1,800.00	\$0.00	\$4,656.96
Total SCR March 2010 O & M Expense	\$6,558.65	\$5,707.23	\$0.00	\$12,265.88
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$731.76	\$731.76
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$8,381.39	\$0.00	\$0.00	\$8,381.39
March 2010 O & M Expenses Filed				\$21,379

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of March 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$347,040		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$269,920		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$767,344		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,856		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$682,512		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$69,408		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,568		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,856	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$11,568	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,151,648	\$15,424	\$2,167,072

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of March 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$364,592		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,322,512		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,993,371		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,416,052		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$266,519		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,396,754	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.11	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.98	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	385,600	385,600	
17	Fixed O&M Environmental Cost to Kentucky Power	\$377,888	\$0	\$377,888

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$465,701
8	Trona (5020003)	(\$263,220)
9	Lime Stone (5020004)	\$334,201
10	Air Emission Fee	<u>\$10,178</u>
11	Total Operations (Lines 6 thru 10)	\$546,860
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	Scrubber (FGD) Maintenance (5120000)	<u>\$0</u>
14	Total Maintenance (12) + (13)	<u>\$0</u>
15	1/2 of Maintenance (14) * 50%	<u>\$0</u>
16	Fixed O&M (11) + (15)	\$546,860
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$364,592</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,601,488
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.02
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.90
25	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
26	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$347,040

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$138,905
5	Urea (5020002)	\$290,513
6	Trona (5020003)	\$99,717
7	Lime Stone (5020004)	\$472,926
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$1,012,667
	Maintenance :	
10	SCR Maintenance (5120000)	\$26,086
11	Scrubber (FGD) Maintenance (5120000)	<u>\$593,604</u>
12	Total Maintenance (11) + (12)	\$619,690
13	1/2 Maintenance (12) * 50%	<u>\$309,845</u>
14	Fixed O&M (9) + (11)	<u>\$1,322,512</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,779,097</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,779,097
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.80
20	Ohio Power Surplus Weighing	88.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.70
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.70
23	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$269,920

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$688,903
5	Lime (5020001)	\$3,602,314
6	Urea (5020002)	\$1,059,308
7	Trona (5020003)	\$411,234
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	\$0
11	Total Operations (Lines 4 thru 10)	\$5,797,776
	Maintenance :	
12	SCR Maintenance (5120000)	\$32,710
13	Scrubber Maintenance (5120000)	<u>\$358,480</u>
14	Total Maintenance (12) + (13)	\$391,190
15	1/2 of Maintenance (13) * 50%	<u>\$195,595</u>
16	Fixed O&M (11) + (15)	<u>\$5,993,371</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$19,105,042
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,105,042
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Gavin Plant (\$/kw)	\$2.26
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.99
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.99
25	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
26	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$767,344

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$18,549</u>
7	Total Operations (4) + (5) + (6)	\$18,549
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$18,549</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$116,830</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$116,830
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,856

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$71,385
5	Lime Stone (5020004)	\$587,337
6	Urea (5020002)	\$608,496
7	Trona (5020003)	\$77,424
8	Air Emission Fee	<u>\$15,502</u>
9	Total Operations (Lines 4 thru 8)	\$1,360,144
	Maintenance :	
10	FDG (5120000)	\$96,532
11	SCR Maintenance (5120000)	<u>\$15,284</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$55,908</u>
13	Fixed O&M (9) + (12)	<u>\$1,416,052</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,021,210</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,021,210
17	Ohio Power Company Steam Capacity (kw)	8,458,000
18	Mitchell Plant (\$/kw)	\$2.01
19	Ohio Power Surplus Weighing	88.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.77
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.77
22	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$682,512

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$229,470
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$32,912</u>
7	Total Operations (4) + (5) + (6)	\$262,382
	Maintenance :	
8	SCR Maintenance (5120000)	\$8,274
9	1/2 of Maintenance (8) * 50%	<u>\$4,137</u>
10	Fixed O&M (7) + (9)	<u>\$266,519</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,734,956</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,734,956
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$69,408

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,159</u>
7	Total Operations (4) + (5) + (6)	\$15,159
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,159</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$293,242</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$293,242
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>385,600</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,568

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of March 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	1.37%	1.37%	1.37%	1.37%	
	Operations :	\$24,348	\$144,462	\$228,919	\$30,168	
4	Urea (5020002)	\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0	
6	Air Emission Fee	\$15,625	\$0	\$0	\$0	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
	Maintenance :					
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
	Total Revenue Requirement,					
11	Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	65.08%	50.00%	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$306,844
15	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant /					12.00%
18	Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate					\$0.01
	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
19	Rockport Plant Costs to Kentucky Power :					\$0.01
	Rockport Plant Portion (\$/kw) (18)					385,600
20	Kentucky Power Capacity Deficit (kw)					\$3,856
	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					
21	(ES FORM 3.14, Page 1 of 10, Line 8)					

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of March 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	12.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	385,600
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$11,568

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of March 2010

LINE NO.	Component	Balances As of 04/30/2009	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
1	L/T DEBT	\$420,000,000	40.964%	6.05%		2.48%			2.48%	
2	S/T DEBT	\$156,177,865	15.233%	2.43%		0.37%			0.37%	
3	ACCTS REC									
3	FINANCING	\$44,758,222	4.365%	3.17%		0.14%			0.14%	
4	C EQUITY	\$404,345,136	39.437%	10.50%	1/	4.14%	1.5760	2/	6.53%	
5	TOTAL	\$1,025,281,223	100.000%			7.13%			9.52%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.47%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.32%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 04/30/2009 based on Case No. 2009-00316, dated January 20, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of March 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	COST COMPONENT			Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
	Return on Rate Base :								
1	Rockport Plant Continuous Environmental Monitoring System (CEMS)								
2	Utility Plant at Original Cost			\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3	AEGCo Low NOx Burners (LNB) Installed Cost							(\$65,200)	
4	Flyash Landfill Installed Cost							(\$15,064)	
5	Less Accumulated Depreciation			(\$803,385)	(\$1,172,709)	(\$1,737,934)			
6	Less Accum. Def. Income Taxes			(\$152,186)	(\$643,401)	(\$1,011,179)			
7	Total Rate Base			\$821,633	\$3,456,547	\$5,603,971	\$9,060,518	\$2,105,028	
8	Weighted Average Cost of Capital - ES FORM 3.21		10.7391%						
9	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)			0.8949%			0.8949%	0.8949%	
10	Monthly Return of Rate Base (Line 6 * Line 8)			\$7,353			\$81,083	\$18,838	
11	Operating Expenses :								
12	Monthly Depreciation Expense			\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
13	Monthly Indiana Air Emissions Fee			\$15,625	\$0	\$0	\$0	\$0	
14	Total Operating Expenses (Line 10 + Line 11)			\$20,837	\$0	\$0	\$39,968	\$6,410	
15	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)			\$28,190			\$121,051	\$25,248	
16	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)			\$4,229					
	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)								
	Kentucky Power's Portion of Rockport Plants'								
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)								
	Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2								\$48,118

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of March 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 03/31/2010							
1	L/T DEBT	78,095,911	39.2682%	4.9442%		1.9415%			1.9415%
2	S/T DEBT	35,456,264	17.8281%	0.1443%		0.0257%			0.0257%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	3.4455%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	85,326,169	42.9037%	12.1600%	1/	5.2171%	1.681379	2/	8.7719%
6	TOTAL	198,878,344 =====	100.0000% =====			7.1843% =====			10.7391% =====
<p>WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p>									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of March 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$45,622,014	85.4%
2	FERC Wholesale Revenues	\$491,394	0.9%
3	Associated Utilities Revenues	\$1,768,423	3.3%
4	Non-Assoc. Utilities Revenues	\$5,535,238	10.4%
5	Total Revenues for Surcharges Purposes	\$53,417,069	100.0%
6	Non-Physical Revenues for Month	\$504,530	
7	Total Revenues for Month	\$53,921,599	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for January 2010	2.2816%
2	Kentucky Retail Revenues for Current Expense Month	\$56,487,377
3	Surcharge Collected (1) * (2)	\$1,288,816
4	Surcharge Amount To Be Collected	\$1,148,441
5	Over/(Under) Recovery (3) - (4) = (5)	\$140,375

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

May 19, 2010

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

RECEIVED

MAY 19 2010

**PUBLIC SERVICE
COMMISSION**

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of April 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after May 28, 2010.

If there are any questions please contact me at 502-696-7010.

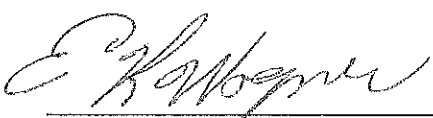
A handwritten signature in cursive script that reads 'Errol K. Wagner'.

Errol K. Wagner
Director Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of April 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,038,044
LINE 2	Brr from ES FORM 1.10	\$2,095,535
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,942,509
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	80.7%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,567,605
LINE 6	(Over)/Under Recovery Adjustment from ES FORM 3.30	\$221,483
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,789,088
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,789,088
LINE 9	KY Retail R(m) from ES FORM 3.30	\$36,160,423
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	4.9476%

Effective Date for Billing: June 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : May 19, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of April 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of April 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$56,019,174)	
3	Less Accum. Def. Income Taxes	(\$43,286,793)	
4	Net Utility Plant		\$92,021,585
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,086,231
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$16,613
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$89,106
8	Total Rate Base		\$104,213,535
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$917,079
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,926,528
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$356,163
18	Monthly SO2 Emission Allowance Consumption		\$121,971
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,072,793
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,989,872

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)						
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,070	7,070	585,870	\$121,971	\$38,689,093	\$66.037
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,093,961		\$12,086,231	\$11.048
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06925

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	16,218	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		17,381		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	303	10,343	\$998	\$512,261	\$49.527
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		34,719		\$16,613	\$0.478

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$204,160	
3	Monthly SO2 Allowance Consumption	\$121,971	
4	Total 1997 Plan O&M Expenses		\$356,682
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$308,089	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$998	
9	Equipment - Associated Operating Expenses	\$178	
10	Equipment - Associated Maintenance Expenses	\$46,898	
11	Total 2003 Plan O&M Expenses		\$356,163
12	Total Monthly O&M Expenses		\$712,845
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$89,106

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 April 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$4,213.46	\$0.00	\$0.00	\$4,213.46
SCR Boiler Outlet Ductwork	\$34,661.66	\$0.00	\$0.00	\$34,661.66
SCR Instrument & Control	\$1,558.20	\$0.00	\$0.00	\$1,558.20
SCR NOx Monitoring	\$3,312.72	\$0.00	\$0.00	\$3,312.72
SCR Reactor	\$343.94	\$0.00	\$0.00	\$343.94
Total SCR April 2010 O & M Expense	\$44,089.98	\$0.00	\$0.00	\$44,089.98
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$177.60	\$177.60
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$2,808.13	\$0.00	\$0.00	\$2,808.13
April 2010 O & M Expenses Filed				\$47,076

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of April 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$337,792		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$215,296		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$634,752		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,712		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$649,600		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$59,392		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,136		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,712	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$11,136	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,911,680	\$14,848	\$1,926,528

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of April 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$487,910		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$158,616		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$3,305,566		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,250,053		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$64,357		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$5,300,210	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$0.63	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.55	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	371,200	371,200	
17	Fixed O&M Environmental Cost to Kentucky Power	\$204,160	\$0	\$204,160

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$460,304
8	Trona (5020003)	\$135,041
9	Lime Stone (5020004)	\$126,306
10	Air Emission Fee	<u>\$10,178</u>
11	Total Operations (Lines 6 thru 10)	\$731,829
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	Scrubber (FGD) Maintenance (5120000)	<u>\$0</u>
14	Total Maintenance (12) + (13)	<u>\$0</u>
15	1/2 of Maintenance (14) * 50%	<u>\$0</u>
16	Fixed O&M (11) + (15)	\$731,829
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$487,910</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,724,806
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.91
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.91
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
26	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$337,792

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	(\$36,324)
5	Urea (5020002)	\$2,760
6	Trona (5020003)	\$1,022
7	Lime Stone (5020004)	\$3,605
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	(\$18,331)
	Maintenance :	
10	SCR Maintenance (5120000)	\$27,392
11	Scrubber (FGD) Maintenance (5120000)	<u>\$326,501</u>
12	Total Maintenance (11) + (12)	\$353,893
13	1/2 Maintenance (12) * 50%	<u>\$176,947</u>
14	Fixed O&M (9) + (11)	<u>\$158,616</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$5,615,201</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$5,615,201
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.66
20	Ohio Power Surplus Weighing	88.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.58
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.58
23	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$215,296

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$582,228
5	Lime (5020001)	\$1,552,066
6	Urea (5020002)	\$512,851
7	Trona (5020003)	\$241,100
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$2,924,262
	Maintenance :	
12	SCR Maintenance (5120000)	\$62,294
13	Scrubber Maintenance (5120000)	<u>\$700,314</u>
14	Total Maintenance (12) + (13)	\$762,608
15	1/2 of Maintenance (13) * 50%	<u>\$381,304</u>
16	Fixed O&M (11) + (15)	<u>\$3,305,566</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$16,417,237
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$16,417,237
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Gavin Plant (\$/kw)	\$1.94
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.71
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.71
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$634,752

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$18,549
7	Total Operations (4) + (5) + (6)	\$18,549
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$18,549
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$116,830
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$116,830
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	371,200
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,712

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$18,659
5	Lime Stone (5020004)	\$706,418
6	Urea (5020002)	\$412,654
7	Trona (5020003)	\$44,619
8	Air Emission Fee	\$15,502
9	Total Operations (Lines 4 thru 8)	\$1,197,852
	Maintenance :	
10	FDG (5120000)	\$101,618
11	SCR Maintenance (5120000)	\$2,783
12	1/2 of Maintenance (10 + 11) * 50%	\$52,201
13	Fixed O&M (9) + (12)	\$1,250,053
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	\$16,855,211
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,855,211
17	Ohio Power Company Steam Capacity (kw)	8,458,000
18	Mitchell Plant (\$/kw)	\$1.99
19	Ohio Power Surplus Weighing	88.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.75
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.75
22	Kentucky Power Capacity Deficit (kw)	371,200
23	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$649,600

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$29,851
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$32,912</u>
7	Total Operations (4) + (5) + (6)	\$62,763
	Maintenance :	
8	SCR Maintenance (5120000)	\$3,188
9	1/2 of Maintenance (8) * 50%	<u>\$1,594</u>
10	Fixed O&M (7) + (9)	<u>\$64,357</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,532,794</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,532,794
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.18
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$59,392

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,159</u>
7	Total Operations (4) + (5) + (6)	\$15,159
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,159</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$293,242</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$293,242
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$11,136

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of April 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$39,973	\$144,462	\$228,919	\$30,168	
14	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$148,980	\$15,084	\$306,844
15	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					12.00%
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18) Kentucky Power Capacity Deficit (kw)					\$371,200
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$3,712

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of April 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	12.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$11,136

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of April 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 10/31/2009								
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of April 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost							
4		AEGCo Low NOx Burners (LNB) Installed Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
5		Flyash Landfill Installed Cost							
6		Less Accumulated Depreciation		(\$808,597)	(\$1,188,175)	(\$1,762,436)		(\$71,610)	
7		Less Accum. Def. Income Taxes		(\$155,051)	(\$648,008)	(\$1,019,111)		(\$22,023)	
8		Total Rate Base		\$813,558	\$3,436,474	\$5,571,537	\$9,008,011	\$2,091,659	
9		Weighted Average Cost of Capital - ES FORM 3.21	10.8225%						
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.9019%			0.9019%	0.9019%	
11		Monthly Return of Rate Base (Line 6 * Line 8)		\$7,337			\$81,243	\$18,865	
12		Operating Expenses :							
13		Monthly Depreciation Expense							
14		Monthly Indiana Air Emissions Fee		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
15		Total Operating Expenses (Line 10 + Line 11)		\$15,625	\$0	\$0	\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$20,837					
		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$28,174			\$121,211	\$25,275	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$4,226			\$36,363	\$7,583	
		Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							\$48,172

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of April 2010

LINE NO.	Component	Balances As of 04/30/2010	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
1	L/T DEBT	77,685,475	39.2164%	4.9366%		1.9360%			1.9360%
2	S/T DEBT CAPITALIZATION	34,656,666	17.4950%	0.2053%		0.0359%			0.0359%
3	OFFSETS	0	0.0000%	3.4770%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	85,752,115	43.2886%	12.1600%	1/	5.2639%	1.681379	2/	8.8506%
6	TOTAL	198,094,256 =====	100.0000% =====			7.2358% =====			10.8225% =====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of April 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$36,160,423	80.7%
2	FERC Wholesale Revenues	\$416,643	0.9%
3	Associated Utilities Revenues	\$3,364,642	7.5%
4	Non-Assoc. Utilities Revenues	\$4,869,479	10.9%
5	Total Revenues for Surcharges Purposes	\$44,811,187	100.0%
6	Non-Physical Revenues for Month	(\$160,958)	
7	Total Revenues for Month	\$44,650,229	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for February 2010	1.3354%
2	Kentucky Retail Revenues for Current Expense Month	\$35,810,394
3	Surcharge Collected (1) * (2)	\$478,212
4	Surcharge Amount To Be Collected	\$699,695
5	Over/(Under) Recovery (3) - (4) = (5)	(\$221,483)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

June 18, 2010

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

RECEIVED

JUN 18 2010

PUBLIC SERVICE
COMMISSION

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of May 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after June 29, 2010.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in black ink, appearing to read 'Errol K. Wagner'.

Errol K. Wagner
Director Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of May 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,184,795
LINE 2	Brr from ES FORM 1.10	\$1,514,859
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,669,936
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,240,076
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$406,155
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,646,231
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$2,646,231
LINE 9	KY Retail R(m) from ES FORM 3.30	\$33,662,428
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	7.8611%

Effective Date for Billing: July 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : June 18, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	\$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of May 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$56,642,456)	
3	Less Accum. Def. Income Taxes	(\$43,555,356)	
4	Net Utility Plant		\$91,129,740
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,020,639
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$15,743
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$108,390
8	Total Rate Base		\$103,274,512
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$908,816
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,052,736
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$440,610
18	Monthly SO2 Emission Allowance Consumption		\$65,592
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,227,069
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,135,885

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)						
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	3,802	3,802	589,672	\$65,592	\$38,754,685	\$65.722
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,090,159		\$12,020,639	\$11.027
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06925

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	263	16,481	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		17,118		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	264	10,607	\$870	\$513,131	\$48.377
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		34,455		\$15,743	\$0.457

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$330,368	
3	Monthly SO2 Allowance Consumption	<u>\$65,592</u>	
4	Total 1997 Plan O&M Expenses		\$426,511
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$153,066	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$870	
9	Equipment - Associated Operating Expenses	\$490	
10	Equipment - Associated Maintenance Expenses	<u>\$286,184</u>	
11	Total 2003 Plan O&M Expenses		<u>\$440,610</u>
12	Total Monthly O&M Expenses		<u>\$867,121</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$108,390

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 May 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$33,663.17	\$5,838.32	\$0.00	\$39,501.49
SCR Acoustic Horns	\$2,544.00	\$0.00	\$0.00	\$2,544.00
SCR Boiler Outlet Ductwork	\$112,493.39	\$83,723.75	\$0.00	\$196,217.14
SCR Booster Fan	\$32,843.85	\$0.00	\$0.00	\$32,843.85
SCR Instrument & Control	\$7,444.05	\$0.00	\$0.00	\$7,444.05
SCR Nox Monitoring	\$1,833.16	\$0.00	\$0.00	\$1,833.16
SCR Reactor	\$152.89	\$2,548.27	\$0.00	\$2,701.16
Total SCR May 2010 O & M Expense	\$190,974.51	\$92,110.34	\$0.00	\$283,084.85
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$0.00
Emission Testing Required Under Permit -				
Operation	\$490.00	\$0.00	\$0.00	\$490.00
Maintenance	\$3,099.00	\$0.00	\$0.00	\$3,099.00
May 2010 O & M Expenses Filed				\$286,674

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of May 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$352,640		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$259,840		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$694,144		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,712		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$657,024		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$59,392		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,136		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,712	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$11,136	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,037,888	\$14,848	\$2,052,736

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of May 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$931,935		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,273,454		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$4,807,068		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,419,761		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$59,639		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$8,525,565	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.01	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.89	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	371,200	371,200	
17	Fixed O&M Environmental Cost to Kentucky Power	\$330,368	\$0	\$330,368

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$380,415
8	Trona (5020003)	\$656,574
9	Lime Stone (5020004)	\$350,666
10	Air Emission Fee	<u>\$10,178</u>
11	Total Operations (Lines 6 thru 10)	\$1,397,833
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	Scrubber (FGD) Maintenance (5120000)	<u>\$0</u>
14	Total Maintenance (12) + (13)	<u>\$0</u>
15	1/2 of Maintenance (14) * 50%	<u>\$0</u>
16	Fixed O&M (11) + (15)	\$1,397,833
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$931,935</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,168,831
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.08
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.95
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.95
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$352,640

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$133,268
5	Urea (5020002)	\$204,982
6	Trona (5020003)	\$345,246
7	Lime Stone (5020004)	\$460,826
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$1,154,928
	Maintenance :	
10	SCR Maintenance (5120000)	\$21,261
11	Scrubber (FGD) Maintenance (5120000)	<u>\$215,791</u>
12	Total Maintenance (11) + (12)	\$237,052
13	1/2 Maintenance (12) * 50%	<u>\$118,526</u>
14	Fixed O&M (9) + (11)	<u>\$1,273,454</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,730,039</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,730,039
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.80
20	Ohio Power Surplus Weighing	88.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.70
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.70
23	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$259,840

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$581,487
5	Lime (5020001)	\$1,974,611
6	Urea (5020002)	\$485,453
7	Trona (5020003)	\$1,351,078
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$4,428,646
	Maintenance :	
12	SCR Maintenance (5120000)	\$84,370
13	Scrubber Maintenance (5120000)	<u>\$672,473</u>
14	Total Maintenance (12) + (13)	\$756,843
15	1/2 of Maintenance (13) * 50%	<u>\$378,422</u>
16	Fixed O&M (11) + (15)	<u>\$4,807,068</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$17,918,739
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$17,918,739
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Gavin Plant (\$/kw)	\$2.12
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.87
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.87
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$694,144

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$18,549</u>
7	Total Operations (4) + (5) + (6)	\$18,549
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$18,549</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$116,830</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$116,830
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,712

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$13,765
5	Lime Stone (5020004)	\$369,388
6	Urea (5020002)	\$403,814
7	Trona (5020003)	\$349,194
8	Air Emission Fee	<u>\$15,502</u>
9	Total Operations (Lines 4 thru 8)	\$1,151,663
	Maintenance :	
10	FDG (5120000)	\$523,148
11	SCR Maintenance (5120000)	<u>\$13,047</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$268,098</u>
13	Fixed O&M (9) + (12)	<u>\$1,419,761</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,024,919</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,024,919
17	Ohio Power Company Steam Capacity (kw)	8,458,000
18	Mitchell Plant (\$/kw)	\$2.01
19	Ohio Power Surplus Weighing	88.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.77
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.77
22	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$657,024

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$9,143
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$32,912</u>
7	Total Operations (4) + (5) + (6)	\$42,055
	Maintenance :	
8	SCR Maintenance (5120000)	\$35,168
9	1/2 of Maintenance (8) * 50%	<u>\$17,584</u>
10	Fixed O&M (7) + (9)	<u>\$59,639</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,528,076</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,528,076
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.18
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$59,392

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,159</u>
7	Total Operations (4) + (5) + (6)	\$15,159
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,159</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$293,242</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$293,242
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,136

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of May 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	<u>1.37%</u> \$24,348	<u>1.37%</u> \$144,462	<u>1.37%</u> \$228,919	<u>1.37%</u> \$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
7	Air Emission Fee	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
11	1/2 of Maintenance (8) * 50%	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
12	Fixed O&M (7) + (9)	\$39,973	\$144,462	\$228,919	\$30,168	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	<u>50%</u> \$19,987	<u>85.00%</u> \$122,793	<u>65.08%</u> \$148,980	<u>50.00%</u> \$15,084	
14	Indiana Michigan Power Company's Percentage Ownership &M's Share of Cost Associated with Rockport Plant (11) X (12)					
15	Total Rockport Plant Common and Units 1 & 2					\$306,844
16	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
17	Rockport Plant (\$/kw) (14) / (15)					\$0.06
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					12.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18)					\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 6)					<u>\$71,200</u> \$3,712

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of May 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	12.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	371,200
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$11,136

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of May 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 10/31/2009								
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC. FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of May 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base:							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,155,292	
4		AEGCo Low NOx Burners (LNB) Installed Cost							
5		Flyash Landfill Installed Cost							
6		Less Accumulated Depreciation							
7		Less Accum. Def. Income Taxes							
8		Total Rate Base		\$807,630	\$3,421,411	\$5,547,355	\$8,968,766	\$2,082,891	
9		Weighted Average Cost of Capital - ES FORM 3.21	11.1291%						
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.9274%			0.9274%	0.9274%	
11		Monthly Return of Rate Base (Line 6 * Line 8)		\$7,492			\$83,176	\$19,317	
12		Operating Expenses:							
13		Monthly Depreciation Expense							
14		Monthly Indiana Air Emissions Fee		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
15		Total Operating Expenses (Line 10 + Line 11)		\$20,837	\$0	\$0	\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$28,329			\$123,144	\$25,727	\$48,910
		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,249					
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants'							
		Total Revenue Requirement. (C4, Ln 14 + C7, Ln 15 + C8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of May 2010

LINE NO.	Component	Balances As of 05/31/2010	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
1	L/T DEBT	77,688,262	40.0308%	4.9364%		1.9761%			1.9761%
2	S/T DEBT	29,841,884	15.3768%	0.2334%		0.0359%			0.0359%
3	CAPITALIZATION								
4	OFFSETS	0	-0.0001%	3.6313%		0.0000%			0.0000%
5	DEBT								
5	C EQUITY	86,541,188	44.5925%	12.1600%	1/	5.4224%	1.681379	2/	9.1171%
6	TOTAL	194,071,334	100.0000%			7.4344%			11.1291%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of May 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$33,662,428	83.9%
2	FERC Wholesale Revenues	\$395,892	1.0%
3	Associated Utilities Revenues	\$1,347,909	3.4%
4	Non-Assoc. Utilities Revenues	\$4,712,450	11.7%
5	Total Revenues for Surcharges Purposes	\$40,118,679	100.0%
6	Non-Physical Revenues for Month	\$30,559	
7	Total Revenues for Month	\$40,149,238	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for March 2010	2.3235%
2	Kentucky Retail Revenues for Current Expense Month	\$28,141,080
3	Surcharge Collected (1) * (2)	\$653,858
4	Surcharge Amount To Be Collected	\$1,060,013
5	Over / (Under) Recovery (3) - (4) = (5)	(\$406,155)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER®**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

July 19, 2010

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

RECEIVED

JUL 19 2010

**PUBLIC SERVICE
COMMISSION**

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of June 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after July 29, 2010.

If there are any questions please contact me at 502-696-7010.

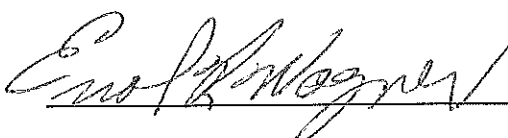
A handwritten signature in cursive script, appearing to read 'Errol K. Wagner'.

Errol K. Wagner
Director Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of June 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,572,677
LINE 2	Brr from ES FORM 1.10	\$1,913,578
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,659,099
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.5%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,954,437
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$124,579)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,829,858
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,829,858
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,129,249
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	4.7991%

Effective Date for Billing: August 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : July 19, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,524,315
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$48,362
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,572,677

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of June 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$57,265,738)	
3	Less Accum. Def. Income Taxes	(\$43,823,917)	
4	Net Utility Plant		\$90,237,897
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,719,431
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$13,862
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$158,203
8	Total Rate Base		\$102,129,393
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$898,739
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,078,720
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$577,517
18	Monthly SO2 Emission Allowance Consumption		\$301,208
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,625,576</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,524,315

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of June 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		0	403,260	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	1,332					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	6,790	8,122	597,794	\$301,208	\$39,055,893	\$65.333
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,082,037		\$11,719,431	\$10.831
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06925

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transactions for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of June 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	571	17,052	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		16,547		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of June 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	571	11,178	\$1,881	\$515,012	\$46.074
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		33,884		\$13,862	\$0.409

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$356,352	
3	Monthly SO2 Allowance Consumption	<u>\$301,208</u>	
4	Total 1997 Plan O&M Expenses		\$688,111
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$399,858	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$1,881	
9	Equipment - Associated Operating Expenses	\$1,866	
10	Equipment - Associated Maintenance Expenses	<u>\$173,911</u>	
11	Total 2003 Plan O&M Expenses		<u>\$577,517</u>
12	Total Monthly O&M Expenses		<u>\$1,265,628</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$158,203

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 June 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	(\$24,468.81)	\$30,595.90	\$0.00	\$6,127.09
SCR Boiler Outlet Ductwork	\$95,029.07	\$54,057.00	\$0.00	\$149,086.07
SCR Booster Fan	(\$17,809.61)	\$7,510.16	\$0.00	(\$10,299.45)
SCR Instrument & Control	\$425.91	\$8,552.72	\$0.00	\$8,978.63
SCR Reactor	\$0.00	\$7,871.38	\$0.00	\$7,871.38
Total SCR June 2010 O & M Expense	\$53,176.56	\$108,587.16	\$0.00	\$161,763.72
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$1,586.10	\$1,586.10
Emission Testing Required Under Permit -				
Operation	\$0.00	\$280.24	\$0.00	\$280.24
Maintenance	\$7,437.29	\$4,710.20	\$0.00	\$12,147.49
June 2010 O & M Expenses Filed				\$175,778

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of June 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$334,080		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$259,840		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$716,416		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,712		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$671,872		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,816		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,136		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,712	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$11,136	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,063,872	\$14,848	\$2,078,720

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of June 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$365,636		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,279,794		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,434,760		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$18,549		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,791,023		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$299,590		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$15,159		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,204,511	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.09	\$0.01	
14	Company Surplus Weighting	88.00%	12.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.96	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	371,200	371,200	
17	Fixed O&M Environmental Cost to Kentucky Power	\$356,352	\$0	\$356,352

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$0
7	Urea (5020002)	\$210,225
8	Trona (5020003)	\$121,191
9	Lime Stone (5020004)	\$206,832
10	Air Emission Fee	<u>\$10,178</u>
11	Total Operations (Lines 6 thru 10)	\$548,426
	Maintenance :	
12	SCR Maintenance (5120000)	\$0
13	Scrubber (FGD) Maintenance (5120000)	<u>\$0</u>
14	Total Maintenance (12) + (13)	\$0
15	1/2 of Maintenance (14) * 50%	<u>\$0</u>
16	Fixed O&M (11) + (15)	\$548,426
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$365,636</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,602,532
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.02
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.90
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
26	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$334,080

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$104,820
5	Urea (5020002)	\$305,548
6	Trona (5020003)	\$181,316
7	Lime Stone (5020004)	\$568,197
8	Air Emission Fee	<u>\$10,606</u>
9	Total Operations (Line 4 thru 8)	\$1,170,487
	Maintenance :	
10	SCR Maintenance (5120000)	\$13,902
11	Scrubber (FGD) Maintenance (5120000)	<u>\$204,712</u>
12	Total Maintenance (11) + (12)	\$218,614
13	1/2 Maintenance (12) * 50%	<u>\$109,307</u>
14	Fixed O&M (9) + (11)	<u>\$1,279,794</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,736,379</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,736,379
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.80
20	Ohio Power Surplus Weighing	88.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.70
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.70
23	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$259,840

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$681,581
5	Lime (5020001)	\$2,981,419
6	Urea (5020002)	\$834,659
7	Trona (5020003)	\$649,003
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$5,182,679
	Maintenance :	
12	SCR Maintenance (5120000)	\$50,105
13	Scrubber Maintenance (5120000)	<u>\$454,057</u>
14	Total Maintenance (12) + (13)	\$504,162
15	1/2 of Maintenance (13) * 50%	<u>\$252,081</u>
16	Fixed O&M (11) + (15)	<u>\$5,434,760</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$18,546,431
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,546,431
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Gavin Plant (\$/kw)	\$2.19
22	Ohio Power Surplus Weighing	88.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.93
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.93
25	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$716,416

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$18,549</u>
7	Total Operations (4) + (5) + (6)	\$18,549
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$18,549</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$116,830</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$116,830
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,712

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$49,978
5	Lime Stone (5020004)	\$623,844
6	Urea (5020002)	\$588,320
7	Trona (5020003)	\$133,189
8	Air Emission Fee	<u>\$15,502</u>
9	Total Operations (Lines 4 thru 8)	\$1,410,833
	Maintenance :	
10	FDG (5120000)	\$747,097
11	SCR Maintenance (5120000)	<u>\$13,283</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$380,190</u>
13	Fixed O&M (9) + (12)	<u>\$1,791,023</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,396,181</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,396,181
17	Ohio Power Company Steam Capacity (kw)	8,458,000
18	Mitchell Plant (\$/kw)	\$2.06
19	Ohio Power Surplus Weighing	88.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.81
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.81
22	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$671,872

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3 , 4 & 5)

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$261,148
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$32,912</u>
7	Total Operations (4) + (5) + (6)	\$294,060
	Maintenance :	
8	SCR Maintenance (5120000)	\$11,060
9	1/2 of Maintenance (8) * 50%	<u>\$5,530</u>
10	Fixed O&M (7) + (9)	<u>\$299,590</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,768,027</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,768,027
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$66,816

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,159</u>
7	Total Operations (4) + (5) + (6)	\$15,159
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,159</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$293,242</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$293,242
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	88.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,136

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of June 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	65.08%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$148,980	\$15,084	\$306,844
16	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
17	Rockport Plant (\$/kw) (14) / (15)					\$0.06
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate					12.00%
19	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
20	Rockport Plant Costs to Kentucky Power : Rockport Plant Portion (\$/kw) (18)					\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$371,200
						\$3,712

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of June 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	12.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.03
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>371,200</u>
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$11,136

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of June 2010

LINE NO.	Component	Balances As of 10/31/2009	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%
	ACCTS REC								
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2009 - 00316								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2009 - 00316 dated - January 20, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105		
10	AFTER-TAX PRODUCTION INCOME						57.4051		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4051		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9105		
19	STATE (LINE 4)						5.6372		
20	BLENDED TAX RATE						36.5477		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of June 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total	
1	Return on Rate Base :								
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)								
3	Utility Plant at Original Cost								
4	AEGCo Low NOx Burners (LNB) Installed Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292		
5	Fiyash Landfill Installed Cost								
6	Less Accumulated Depreciation		(\$819,021)	(\$1,219,107)	(\$1,811,440)		(\$84,430)		
7	Less Accum. Def. Income Taxes		(\$156,088)	(\$647,202)	(\$1,018,469)		(\$26,739)		
8	Total Rate Base		\$802,097	\$3,406,348	\$5,523,175	\$8,929,523	\$2,074,123		
9	Weighted Average Cost of Capital - ES FORM 3.21	10.9859%	0.9155%			0.9155%	0.9155%		
10	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$7,343			\$81,750	\$18,989		
11	Operating Expenses :								
12	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410		
13	Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0		
14	Total Operating Expenses (Line 10 + Line 11))		\$20,837	\$0	\$0	\$39,968	\$6,410		
15	Total Revenue Requirement, Cost Associated with Rockport Plant		\$28,180			\$121,718	\$25,399		
16	CEMS and LNB (Line 9 + Line 12)		\$4,227			\$36,515	\$7,620		
	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)								
	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)								
	Kentucky Power's Portion of Rockport Plants'								
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)								
	Note: Cost in Column 8, Line 16 is to be Recorded on								
	ES FORM 3.00 Line 2								
									\$48,362

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of June 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 06/30/2010							
1	L/T DEBT	77,691,049	39.7797%	4.9363%		1.9636%			1.9636%
2	S/T DEBT	32,090,615	16.4312%	0.4218%		0.0693%			0.0693%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	3.6166%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	85,521,498	43.7891%	12.1600%	1/	5.3248%	1.681379	2/	8.9530%
6	TOTAL	195,303,162	100.0000%			7.3577%			10.9859%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of June 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$38,129,249	73.5%
2	FERC Wholesale Revenues	\$569,576	1.1%
3	Associated Utilities Revenues	\$4,852,506	9.4%
4	Non-Assoc. Utilities Revenues	\$8,271,404	16.0%
5	Total Revenues for Surcharges Purposes	\$51,822,735	100.0%
6	Non-Physical Revenues for Month	\$1,068,757	
7	Total Revenues for Month	\$52,891,492	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for April 2010	4.9476%
2	Kentucky Retail Revenues for Current Expense Month	\$38,678,693
3	Surcharge Collected (1) * (2)	\$1,913,667
4	Surcharge Amount To Be Collected	\$1,789,088
5	Over / (Under) Recovery (3) - (4) = (5)	\$124,579

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

August 18, 2010

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

RECEIVED

AUG 18 2010

**PUBLIC SERVICE
COMMISSION**

Attention: John Rogness

Re: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the expense month of July 2010. As the attached pages demonstrate, two different environmental surcharge factors will be used to calculate the customers' bill on a pro-rata basis, as described below:

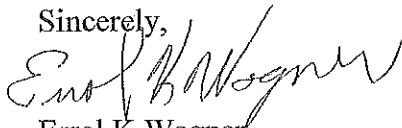
- The Commission's June 28, 2010 Order in Case No. 2009-00459 established new base rates for Kentucky Power to become effective for service rendered on and after June 29, 2010
- The Commission's June 28, 2010 Order approved environmental compliance costs in the base rates in the amount of \$44,185,979 effective for service rendered on and after June 29, 2010 (Environmental Surcharge Tariff, Sheet Nos. 29-1 thru 29-5)
- The base rates billed to the customers in July 2010 reflect a portion of both the old and the new monthly environmental surcharge base amount (due to pro-ration)
- For July 2010 expense month, KPCo was required to calculate the environmental surcharge twice due to the fact that base rates billed in July 2010 reflected two different environmental base amounts (old \$2,818,212 and the new \$3,805,325)
- The calculation using the old environmental base amount resulted in a surcharge of 1.6074% and the calculation using the new environmental base amount resulted in a surcharge of 0.2245%

Jeff R. Derouen
Page 2
August 18, 2010

- The two different environmental surcharges will be used to calculate the customers' bill on a pro-rata basis. For example, Billing Cycle 1 has a 29 day billing period. Therefore, Cycle 1 bills will reflect 28 days of usage at the environmental surcharge calculated using the old environmental base and 1 day of usage at the environmental surcharge calculated using the new environmental base
- Effective with Company's next monthly environmental surcharge filing (expense month August) and every month thereafter, the environmental surcharge will be calculated using the new monthly environmental surcharge base reflected on the Environmental Surcharge Tariff as approved by the Commission in its June 28, 2010 Order in Case No. 2009-00459
- In accordance with the Commission's Orders in the Company's prior environmental surcharge cases, Kentucky Power has included the calculations and supporting documentation of the Environmental Surcharge factors that will be billed for service on and after August 27, 2010

After you or your staff has had a chance to review the enclosed information and should there be additional information required, please feel free to give me a call. I can be reached at 502-696-7010.

Sincerely,



Errol K. Wagner
Director of Regulatory Services

Attachments

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,700,817
LINE 2	Brr from ES FORM 1.10	\$2,818,212 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,882,605
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,266,993
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$494,794)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$772,199
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$772,199
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.6074%

Effective Date for Billing: September 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : August 18, 2010

1/ Case No. 2005-00341, dated March 14, 2006

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of July 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$57,891,000)	
3	Less Accum. Def. Income Taxes	(\$43,605,073)	
4	Net Utility Plant		\$89,831,479
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,981,090
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$10,528
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$174,185
8	Total Rate Base		\$100,997,282
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$888,776
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,076,035
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$285,722
18	Monthly SO2 Emission Allowance Consumption		\$738,341
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,768,229
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,657,005

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		34,945	438,205	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	5,343					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	5,343	603,137	\$738,341	\$39,794,234	\$65.979
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,111,639		\$10,981,090	\$9.878
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06994

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transactions for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,014	18,066	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		15,533		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,012	12,190	\$3,334	\$518,346	\$42.522
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		32,872		\$10,528	\$0.320

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$338,865	
3	Monthly SO2 Allowance Consumption	<u>\$738,341</u>	
4	Total 1997 Plan O&M Expenses		\$1,107,757
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$350,519	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,334	
9	Equipment - Associated Operating Expenses	\$1,866	
10	Equipment - Associated Maintenance Expenses	<u>(\$69,997)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$285,722</u>
12	Total Monthly O&M Expenses		<u>\$1,393,479</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$174,185

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 July 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$3,479.00	\$3,641.94	\$0.00	\$7,120.94
SCR Boiler Outlet Ductwork	\$0.00	(\$114,866.05)	\$0.00	(\$114,866.05)
SCR Booster Fan	(\$816.57)	\$27,263.95	\$0.00	\$26,447.38
SCR NOx Monitoring	\$1,059.10	\$0.00	\$0.00	\$1,059.10
SCR Reactor	\$0.00	\$2,144.67	\$0.00	\$2,144.67
Total SCR July 2010 O & M Expense	\$3,721.53	(\$81,815.49)	\$0.00	(\$78,093.96)
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$1,866.00	\$1,866.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$6,876.05	\$1,221.00	\$0.00	\$8,097.05
July 2010 O & M Expenses Filed				(\$68,131)

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of July 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$720,575		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$650,465		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,056,560	\$19,475	\$2,076,035

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of July 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$626,806		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,113,169		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,460,925		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,267,840		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$281,440		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$8,779,077	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.04	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.87	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$338,865	\$0	\$338,865

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$53,964
7	Urea (5020002)	\$433,592
8	Trona (5020003)	\$27,089
9	Lime Stone (5020004)	\$319,072
10	Air Emission Fee	<u>\$8,973</u>
11	Total Operations (Lines 6 thru 10)	\$842,690
	Maintenance :	
12	SCR Maintenance (5120000)	\$4,162
13	Scrubber (FGD) Maintenance (5120000)	<u>\$190,781</u>
14	Total Maintenance (12) + (13)	<u>\$194,943</u>
15	1/2 of Maintenance (14) * 50%	<u>\$97,472</u>
16	Fixed O&M (11) + (15)	\$940,162
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$626,806</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,863,702
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.88
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$342,760

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$165,132
5	Urea (5020002)	\$294,846
6	Trona (5020003)	\$97,977
7	Lime Stone (5020004)	\$508,620
8	Air Emission Fee	<u>\$8,622</u>
9	Total Operations (Line 4 thru 8)	\$1,075,197
	Maintenance :	
10	SCR Maintenance (5120000)	\$29,370
11	Scrubber (FGD) Maintenance (5120000)	<u>\$46,574</u>
12	Total Maintenance (11) + (12)	\$75,944
13	1/2 Maintenance (12) * 50%	<u>\$37,972</u>
14	Fixed O&M (9) + (11)	<u>\$1,113,169</u>
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	<u>\$6,569,754</u>
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,569,754
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.78
20	Ohio Power Surplus Weighing	84.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
23	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23)	
24	(ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$601,341
5	Lime (5020001)	\$3,734,175
6	Urea (5020002)	\$881,231
7	Trona (5020003)	(\$38,776)
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$5,213,988
	Maintenance :	
12	SCR Maintenance (5120000)	\$51,251
13	Scrubber Maintenance (5120000)	<u>\$442,622</u>
14	Total Maintenance (12) + (13)	\$493,873
15	1/2 of Maintenance (13) * 50%	<u>\$246,937</u>
16	Fixed O&M (11) + (15)	<u>\$5,460,925</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$18,572,596
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,572,596
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Gavin Plant (\$/kw)	\$2.20
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.85
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.85
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
26	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$720,575

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$113,971</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$21,281
5	Lime Stone (5020004)	\$694,183
6	Urea (5020002)	\$400,116
7	Trona (5020003)	\$127,147
8	Air Emission Fee	<u>\$12,128</u>
9	Total Operations (Lines 4 thru 8)	\$1,254,855
	Maintenance :	
10	FDG (5120000)	\$632
11	SCR Maintenance (5120000)	<u>\$25,337</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>\$12,985</u>
13	Fixed O&M (9) + (12)	<u>\$1,267,840</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,872,998</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,872,998
17	Ohio Power Company Steam Capacity (kw)	8,458,000
18	Mitchell Plant (\$/kw)	\$1.99
19	Ohio Power Surplus Weighing	84.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.67
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.67
22	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
23	(ES FORM 3.14, Page 1 of 10, Line 5)	\$650,465

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$246,801
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$281,362
	Maintenance :	
8	SCR Maintenance (5120000)	\$156
9	1/2 of Maintenance (8) * 50%	<u>\$78</u>
10	Fixed O&M (7) + (9)	<u>\$281,440</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,749,877</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,749,877
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,290
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :					
4	Urea (5020002)	\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0	
6	Air Emission Fee	\$15,625	\$0	\$0	\$0	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
8	Maintenance :					
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
	Total Revenue Requirement,					
11	Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	55.08%	50.00%	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$306,844
15	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant /					
18	Indiana Michigan Power Surplus Weighing					16.00%
18	Portion of Weighted Average Capacity Rate					
18	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
19	Rockport Plant Costs to Kentucky Power :					
19	Rockport Plant Portion (\$/kw) (18)					\$0.01
19	Kentucky Power Capacity Deficit (kw)					389,500
20	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					
21	(ES FORM 3.14, Page 1 of 10, Line 8)					\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of July 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 10/31/2009							
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%		3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%		0.00%	
3	ACCTS REC								
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%		0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%		10.50%	
1/	WACC = Weighted Average Cost of Capital, Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105		
10	AFTER-TAX PRODUCTION INCOME						57.4051		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4051		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9105		
19	STATE (LINE 4)						5.6372		
20	BLENDED TAX RATE						36.5477		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of July 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3		Utility Plant at Original Cost							
4		AEGCo Low NOx Burners (LNB) Installed Cost		(\$824,233)	(\$1,234,573)	(\$1,835,942)		(\$90,840)	
5		Fiyash Landfill Installed Cost		(\$154,263)	(\$641,789)	(\$1,009,853)		(\$24,495)	
6		Less Accumulated Depreciation		\$798,710	\$3,396,295	\$5,507,249		\$2,069,957	
7		Less Accum. Def. Income Taxes							
8		Total Rate Base	9.4164%						
9		Weighted Average Cost of Capital - ES FORM 3.21		0.7847%			0.7847%	0.7847%	
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,267			\$69,866	\$16,243	
11		Monthly Return of Rate Base (Line 6 * Line 8)							
12		Operating Expenses :							
13		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
14		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
15		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$27,104			\$109,834	\$22,653	
		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,066					
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							
									\$43,812

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of July 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 07/31/2010							
1	L/T DEBT	77,693,836	33.6278%	4.9723%		1.6721%			1.6721%
2	S/T DEBT	67,161,479	29.0691%	0.4037%		0.1174%			0.1174%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	2.8541%		0.0000%			0.0000%
5	DEBT								
5	C EQUITY	86,185,290	37.3031%	12.1600%	1/	4.5361%	1.681379	2/	7.6269%
6	TOTAL	231,040,605	100.0000%			6.3256%			9.4164%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of July 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$48,039,569	67.3%
2	FERC Wholesale Revenues	\$556,826	0.8%
3	Associated Utilities Revenues	\$9,412,647	13.2%
4	Non-Assoc. Utilities Revenues	\$13,358,621	18.7%
5	Total Revenues for Surcharges Purposes	\$71,367,663	100.0%
6	Non-Physical Revenues for Month	\$867,534	
7	Total Revenues for Month	\$72,235,197	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for May 2010	7.8611%
2	Kentucky Retail Revenues for Current Expense Month	\$39,956,558
3	Surcharge Collected (1) * (2)	\$3,141,025
4	Surcharge Amount To Be Collected	\$2,646,231
5	Over / (Under) Recovery (3) - (4) = (5)	\$494,794

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,700,817
LINE 2	Brr from ES FORM 1.10	\$3,805,325
LINE 3	E(m) (LINE 1 - LINE 2)	\$895,492
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	67.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$602,666
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$494,794)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$107,872
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$107,872
LINE 9	KY Retail R(m) from ES FORM 3.30	\$48,039,569
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.2245%

Effective Date for Billing: September 2010

Submitted By : 

Title : Director Regulatory Services

Date Submitted : August 18, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,657,005
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$43,812
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,700,817

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of July 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$57,891,000)	
3	Less Accum. Def. Income Taxes	(\$43,605,073)	
4	Net Utility Plant		\$89,831,479
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$10,981,090
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$10,528
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$174,185
8	Total Rate Base		\$100,997,282
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$888,776
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,076,035
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$285,722
18	Monthly SO2 Emission Allowance Consumption		\$738,341
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,768,229
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,657,005

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		34,945	438,205	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	5,343					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	5,343	603,137	\$738,341	\$39,794,234	\$65.979
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,111,639		\$10,981,090	\$9.878
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06994

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,014	18,066	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		15,533		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,012	12,190	\$3,334	\$518,346	\$42.522
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		32,872		\$10,528	\$0.320

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$338,865	
3	Monthly SO2 Allowance Consumption	\$738,341	
4	Total 1997 Plan O&M Expenses		\$1,107,757
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$350,519	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,334	
9	Equipment - Associated Operating Expenses	\$1,866	
10	Equipment - Associated Maintenance Expenses	(\$69,997)	
11	Total 2003 Plan O&M Expenses		\$285,722
12	Total Monthly O&M Expenses		\$1,393,479
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$174,185

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 July 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$3,479.00	\$3,641.94	\$0.00	\$7,120.94
SCR Boiler Outlet Ductwork	\$0.00	(\$114,866.05)	\$0.00	(\$114,866.05)
SCR Booster Fan	(\$816.57)	\$27,263.95	\$0.00	\$26,447.38
SCR NOx Monitoring	\$1,059.10	\$0.00	\$0.00	\$1,059.10
SCR Reactor	\$0.00	\$2,144.67	\$0.00	\$2,144.67
Total SCR July 2010 O & M Expense	\$3,721.53	(\$81,815.49)	\$0.00	(\$78,093.96)
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$1,866.00	\$1,866.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$6,876.05	\$1,221.00	\$0.00	\$8,097.05
July 2010 O & M Expenses Filed				(\$68,131)

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of July 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$720,575		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$650,465		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,056,560	\$19,475	\$2,076,035

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of July 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$626,806		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,113,169		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,460,925		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,267,840		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$281,440		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$8,779,077	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.04	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.87	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$338,865	\$0	\$338,865

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$53,964
7	Urea (5020002)	\$433,592
8	Trona (5020003)	\$27,089
9	Lime Stone (5020004)	\$319,072
10	Air Emission Fee	<u>\$8,973</u>
11	Total Operations (Lines 6 thru 10)	\$842,690
	Maintenance :	
12	SCR Maintenance (5120000)	\$4,162
13	Scrubber (FGD) Maintenance (5120000)	<u>\$190,781</u>
14	Total Maintenance (12) + (13)	<u>\$194,943</u>
15	1/2 of Maintenance (14) * 50%	<u>\$97,472</u>
16	Fixed O&M (11) + (15)	\$940,162
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$626,806</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,863,702
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.88
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$342,760

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$165,132
5	Urea (5020002)	\$294,846
6	Trona (5020003)	\$97,977
7	Lime Stone (5020004)	\$508,620
8	Air Emission Fee	\$8,622
9	Total Operations (Line 4 thru 8)	\$1,075,197
	Maintenance :	
10	SCR Maintenance (5120000)	\$29,370
11	Scrubber (FGD) Maintenance (5120000)	\$46,574
12	Total Maintenance (11) + (12)	\$75,944
13	1/2 Maintenance (12) * 50%	\$37,972
14	Fixed O&M (9) + (11)	\$1,113,169
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$6,569,754
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,569,754
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.78
20	Ohio Power Surplus Weighing	84.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
23	Kentucky Power Capacity Deficit (kw)	389,500
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$601,341
5	Lime (5020001)	\$3,734,175
6	Urea (5020002)	\$881,231
7	Trona (5020003)	(\$38,776)
8	Lime Stone (5020004)	\$0
9	Air Emission Fee	\$36,017
10	Lease (5070005)	\$0
11	Total Operations (Lines 4 thru 10)	\$5,213,988
	Maintenance :	
12	SCR Maintenance (5120000)	\$51,251
13	Scrubber Maintenance (5120000)	\$442,622
14	Total Maintenance (12) + (13)	\$493,873
15	1/2 of Maintenance (13) * 50%	\$246,937
16	Fixed O&M (11) + (15)	\$5,460,925
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (16)	\$18,572,596
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,572,596
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Gavin Plant (\$/kw)	\$2.20
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.85
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$1.85
25	Kentucky Power Capacity Deficit (kw)	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$720,575

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$113,971
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$21,281
5	Lime Stone (5020004)	\$694,183
6	Urea (5020002)	\$400,116
7	Trona (5020003)	\$127,147
8	Air Emission Fee	\$12,128
9	Total Operations (Lines 4 thru 8)	\$1,254,855
	Maintenance :	
10	FDG (5120000)	\$632
11	SCR Maintenance (5120000)	\$25,337
12	1/2 of Maintenance (10 + 11) * 50%	\$12,985
13	Fixed O&M (9) + (12)	\$1,267,840
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	\$16,872,998
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,872,998
17	Ohio Power Company Steam Capacity (kw)	8,458,000
18	Mitchell Plant (\$/kw)	\$1.99
19	Ohio Power Surplus Weighing	84.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.67
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.67
22	Kentucky Power Capacity Deficit (kw)	389,500
23	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$650,465

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$246,801
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$281,362
	Maintenance :	
8	SCR Maintenance (5120000)	\$156
9	1/2 of Maintenance (8) * 50%	\$78
10	Fixed O&M (7) + (9)	\$281,440
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,749,877
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,749,877
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,290
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of July 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
8	Maintenance :					
9	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
10	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
	Total Revenue Requirement,					
11	Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	65.08%	50.00%	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$306,844
15	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant /					16.00%
18	Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate					\$0.01
19	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
20	Rockport Plant Costs to Kentucky Power : Rockport Plant Portion (\$/kw) (18)					389,500
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of July 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of July 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 10/31/2009								
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of July 2010

LINE NO. (1)	COST COMPONENT (2)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
	Return on Rate Base :						
1	Rockport Plant Continuous Environmental Monitoring System (CEMS) Utility Plant at Original Cost	\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
2	AEGCo Low NOx Burners (LNB) Installed Cost					(\$90,840)	
3	Flyash Landfill Installed Cost					(\$24,495)	
4	Less Accumulated Depreciation						
5	Less Accum. Def. Income Taxes						
6	Total Rate Base	\$798,710	\$3,396,295	\$5,507,249	\$8,903,544	\$2,069,957	
7	Weighted Average Cost of Capital - ES FORM 3.21						
8	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)	0.7847%			0.7847%	0.7847%	
9	Monthly Return of Rate Base (Line 6 * Line 8)	\$6,267			\$69,866	\$16,243	
	Operating Expenses :						
10	Monthly Depreciation Expense						
11	Monthly Indiana Air Emissions Fee	\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
12	Total Operating Expenses (Line 10 + Line 11))	\$15,625	\$0	\$0	\$0	\$0	
		\$20,837			\$39,968	\$6,410	
13	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)	\$27,104			\$109,834	\$22,653	
14	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)	\$4,066					
15	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)						
	Kentucky Power's Portion of Rockport Plants'						
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)						
	Note: Cost in Column 8, Line 16 is to be Recorded on						
16	ES FORM 3.00 Line 2						\$43,812

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of July 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF	WACC (PRE - TAX)																											
		As of 07/31/2010																																	
1	L/T DEBT	77,693,836	33.6278%	4.9723%		1.6721%		1.6721%																											
2	S/T DEBT	67,161,479	29.0691%	0.4037%		0.1174%		0.1174%																											
3	CAPITALIZATION																																		
3	OFFSETS	0	0.0000%	2.8541%		0.0000%		0.0000%																											
4	DEBT																																		
5	C EQUITY	86,185,290	37.3031%	12.1600%	1/	4.5361%	1.681379	2/ 7.6269%																											
6	TOTAL	231,040,605	100.0000%			6.3256%		9.4164%																											
<p>WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement</p> <p>2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p> <table border="0"> <tr> <td>1</td> <td>OPERATING REVENUE</td> <td>100.00</td> </tr> <tr> <td>2</td> <td>LESS: INDIANA ADJUSTED GROSS INCOME</td> <td></td> </tr> <tr> <td>3</td> <td>(LINE 1 X .085)</td> <td>8.500</td> </tr> <tr> <td>4</td> <td>INCOME BEFORE FED INC TAX</td> <td>91.500</td> </tr> <tr> <td>5</td> <td>LESS: FEDERAL INCOME TAX</td> <td></td> </tr> <tr> <td>6</td> <td>(LINE 4 X .35)</td> <td>32.025</td> </tr> <tr> <td>7</td> <td>OPERATING INCOME PERCENTAGE</td> <td>59.475</td> </tr> <tr> <td>8</td> <td>GROSS REVENUE CONVERSION</td> <td></td> </tr> <tr> <td>9</td> <td>FACTOR (100% / LINE 7)</td> <td>1.681379</td> </tr> </table>							1	OPERATING REVENUE	100.00	2	LESS: INDIANA ADJUSTED GROSS INCOME		3	(LINE 1 X .085)	8.500	4	INCOME BEFORE FED INC TAX	91.500	5	LESS: FEDERAL INCOME TAX		6	(LINE 4 X .35)	32.025	7	OPERATING INCOME PERCENTAGE	59.475	8	GROSS REVENUE CONVERSION		9	FACTOR (100% / LINE 7)	1.681379		
1	OPERATING REVENUE	100.00																																	
2	LESS: INDIANA ADJUSTED GROSS INCOME																																		
3	(LINE 1 X .085)	8.500																																	
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5	LESS: FEDERAL INCOME TAX																																		
6	(LINE 4 X .35)	32.025																																	
7	OPERATING INCOME PERCENTAGE	59.475																																	
8	GROSS REVENUE CONVERSION																																		
9	FACTOR (100% / LINE 7)	1.681379																																	

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of July 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$48,039,569	67.3%
2	FERC Wholesale Revenues	\$556,826	0.8%
3	Associated Utilities Revenues	\$9,412,647	13.2%
4	Non-Assoc. Utilities Revenues	\$13,358,621	18.7%
5	Total Revenues for Surcharges Purposes	\$71,367,663	100.0%
6	Non-Physical Revenues for Month	\$867,534	
7	Total Revenues for Month	\$72,235,197	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for May 2010	7.8611%
2	Kentucky Retail Revenues for Current Expense Month	\$39,956,558
3	Surcharge Collected (1) * (2)	\$3,141,025
4	Surcharge Amount To Be Collected	\$2,646,231
5	Over / (Under) Recovery (3) - (4) = (5)	\$494,794

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

RECEIVED

SEP 17 2010

**PUBLIC SERVICE
COMMISSION**

September 17, 2010

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

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and three copies of its Environmental Surcharge Reports for the month of August 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after September 28, 2010.

If there are any questions please contact me at 502-696-7010.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$6,337,170
LINE 2	Brr from ES FORM 1.10	\$2,342,883
LINE 3	E(m) (LINE 1 - LINE 2)	\$3,994,287
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,951,778
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$613,163)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,338,615
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$2,338,615
LINE 9	KY Retail R(m) from ES FORM 3.30	\$49,802,297
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	4.6958%

1/

Effective Date for Billing: October 2010

Submitted By : *Lulu P. Newsey*

Title : Manager Regulatory Services

Date Submitted : September 17, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$2,531,784
FEBRUARY	3,003,995
MARCH	2,845,066
APRIL	2,095,535
MAY	1,514,859
JUNE	1,913,578
JULY	2,818,212
AUGUST	2,342,883
SEPTEMBER	2,852,305
OCTOBER	2,181,975
NOVEMBER	2,598,522
DECEMBER	1,407,969
TOTAL	----- \$28,106,683 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$6,292,620
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$44,550
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$6,337,170

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of August 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$58,512,302)	
3	Less Accum. Def. Income Taxes	(\$43,387,622)	
4	Net Utility Plant		\$89,427,628
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$8,681,878
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$7,155
7	Cash Working Capital Allowance from ES FORM 3.13, Line 12		\$382,359
8	Total Rate Base		\$98,499,020
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$866,791
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,079,930
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$378,556
18	Monthly SO2 Emission Allowance Consumption		\$2,299,212
19	Total Operating Expenses [Line 12 thru Line 18]		\$5,425,829
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$6,292,620

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of August 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		1,019	439,224	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	21,212					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	(31,942)	(10,730)	592,407	\$2,299,212	\$42,093,446	\$71.055
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,123,388		\$8,681,878	\$7.728
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06714

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of August 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,022	19,088	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		14,511		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of August 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1,024	13,214	\$3,373	\$521,719	\$39.482
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		31,848		\$7,155	\$0.225

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$350,550	
3	Monthly SO2 Allowance Consumption	<u>\$2,299,212</u>	
4	Total 1997 Plan O&M Expenses		\$2,680,313
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$363,407	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$3,373	
9	Equipment - Associated Operating Expenses	\$560	
10	Equipment - Associated Maintenance Expenses	<u>\$11,216</u>	
11	Total 2003 Plan O&M Expenses		<u>\$378,556</u>
12	Total Monthly O&M Expenses		<u>\$3,058,869</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$382,359

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 August 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$1,393.90	\$0.00	\$0.00	\$1,393.90
SCR Boiler Outlet Ductwork	\$0.00	\$0.00	\$0.00	\$0.00
SCR Booster Fan	(\$2,581.57)	\$4,444.58	\$0.00	\$1,863.01
SCR NOx Monitoring	\$335.00	\$0.00	\$0.00	\$335.00
SCR Reactor	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR July 2010 O & M Expense	(\$852.67)	\$4,444.58	\$0.00	\$3,591.91
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$559.80	\$559.80
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$7,624.06	\$0.00	\$0.00	\$7,624.06
July 2010 O & M Expenses Filed				\$11,776

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of August 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$728,365		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$658,255		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$62,320		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,060,455	\$19,475	\$2,079,930

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of August 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$500,110		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,260,839		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$5,722,014		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,415,300		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$158,111		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,085,271	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.07	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$350,550	\$0	\$350,550

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$80,100
7	Urea (5020002)	\$254,096
8	Trona (5020003)	\$84,763
9	Lime Stone (5020004)	\$252,981
10	Air Emission Fee	<u>\$8,973</u>
11	Total Operations (Lines 6 thru 10)	\$680,913
	Maintenance :	
12	SCR Maintenance (5120000)	\$1,378
13	Scrubber (FGD) Maintenance (5120000)	<u>\$137,050</u>
14	Total Maintenance (12) + (13)	<u>\$138,428</u>
15	1/2 of Maintenance (14) * 50%	<u>\$69,214</u>
16	Fixed O&M (11) + (15)	\$750,127
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$500,110</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,737,006
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$338,865

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$298,018
5	Urea (5020002)	\$284,562
6	Trona (5020003)	\$189,893
7	Lime Stone (5020004)	\$468,206
8	Air Emission Fee	\$8,622
9	Total Operations (Line 4 thru 8)	\$1,249,301
	Maintenance :	
10	SCR Maintenance (5120000)	\$14,887
11	Scrubber (FGD) Maintenance (5120000)	\$8,188
12	Total Maintenance (11) + (12)	\$23,076
13	1/2 Maintenance (12) * 50%	\$11,538
14	Fixed O&M (9) + (11)	\$1,260,839
	Total Revenue Requirement,	
15	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$6,717,424
16	Ohio Power Company's Percentage Ownership	100.00%
17	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$6,717,424
18	Ohio Power Company Steam Capacity (kw)	8,458,000
19	Cardinal Unit No. 1 (\$/kw)	\$0.79
20	Ohio Power Surplus Weighing	84.00%
21	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
22	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.66
23	Kentucky Power Capacity Deficit (kw)	389,500
24	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$643,439
5	Lime (5020001)	\$3,093,960
6	Urea (5020002)	\$926,427
7	Trona (5020003)	\$495,636
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$180,287
10	Air Emission Fee	\$36,017
11	Lease (5070005)	\$0
12	Total Operations (Lines 4 thru 10)	\$5,375,766
	Maintenance :	
13	SCR Maintenance (5120000)	\$94,028
14	Scrubber Maintenance (5120000)	\$598,468
15	Total Maintenance (12) + (13)	\$692,496
16	1/2 of Maintenance (13) * 50%	\$346,248
17	Fixed O&M (11) + (15)	\$5,722,014
	Total Revenue Requirement,	
18	Cost Associated with Gavin Plant (3) + (16)	\$18,833,685
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$18,833,685
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Gavin Plant (\$/kw)	\$2.23
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.87
	Gavin Plant Costs to Kentucky Power :	
25	Gavin Plant Portion (\$/kw) (23)	\$1.87
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$728,365

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$113,971
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$47,821
5	Lime Stone (5020004)	\$768,701
6	Urea (5020002)	\$466,418
7	Trona (5020003)	\$88,402
8	Lime Hydrate (5020007)	\$2,274
9	Polymer (5020005)	\$2,465
10	Air Emission Fee	<u>\$12,128</u>
11	Total Operations (Lines 4 thru 8)	\$1,388,210
	Maintenance :	
12	FDG (5120000)	\$40,106
13	SCR Maintenance (5120000)	<u>\$14,075</u>
14	1/2 of Maintenance (10 + 11) * 50%	<u>\$27,091</u>
15	Fixed O&M (9) + (12)	<u>\$1,415,300</u>
	Total Revenue Requirement,	
16	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,020,458</u>
17	Ohio Power Company's Percentage Ownership	100.00%
18	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,020,458
19	Ohio Power Company Steam Capacity (kw)	8,458,000
20	Mitchell Plant (\$/kw)	\$2.01
21	Ohio Power Surplus Weighing	84.00%
22	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.69
	Mitchell Plant Costs to Kentucky Power :	
23	Mitchell Plant Portion (\$/kw) (20)	\$1.69
24	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
25	(ES FORM 3.14, Page 1 of 10, Line 5)	\$658,255

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$118,874
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$153,435
	Maintenance :	
8	SCR Maintenance (5120000)	\$9,351
9	1/2 of Maintenance (8) * 50%	<u>\$4,676</u>
10	Fixed O&M (7) + (9)	<u>\$158,111</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,626,548</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,626,548
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.19
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$62,320

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,290
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of August 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
1		Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2		Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3		Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4		Operations :					
5		Urea (5020002)	\$0	\$0	\$0	\$0	
6		Trona (5020003)	\$0	\$0	\$0	\$0	
7		Air Emission Fee	\$15,625	\$0	\$0	\$0	
8		Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9		Maintenance :					
10		SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11		1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12		Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13		Total Revenue Requirement,					
14		Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
15		Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	65.08%	50.00%	
16		I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$19,987	\$122,793	\$148,980	\$15,084	
17		Total Rockport Plant Common and Units 1 & 2					\$306,844
18		Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
19		Rockport Plant (\$/kw) (14) / (15)					\$0.06
20		Kentucky Power Portion of Rockport Plant /					16.00%
21		Indiana Michigan Power Surplus Weighing					\$0.01
22		Portion of Weighted Average Capacity Rate					\$0.01
23		Attributed to Rockport Plant (\$/kw) (17) X (18)					389,500
24		Rockport Plant Costs to Kentucky Power :					\$0.01
25		Rockport Plant Portion (\$/kw) (16)					\$0.01
26		Kentucky Power Capacity Deficit (kw)					389,500
27		Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					\$3,895
28		(ES FORM 3.14, Page 1 of 10, Line 8)					

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of August 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	<u>\$15,625</u>
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	<u>\$15,580</u>

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of August 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 10/31/2009								
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of August 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4		AEGCo Low NOx Burners (LNB) Installed Cost		(\$829,445)	(\$1,250,039)	(\$1,860,444)		(\$97,250)	
5		Flyash Landfill Installed Cost		(\$152,439)	(\$636,376)	(\$1,001,318)		(\$22,252)	
6		Less Accumulated Depreciation		\$795,322	\$3,386,242	\$5,491,322	\$8,877,564	\$2,065,790	
7		Less Accum. Def. Income Taxes							
8		Total Rate Base	9.7031%	0.8086%			0.8086%	0.8086%	
9		Weighted Average Cost of Capital - ES FORM 3.21		\$6,431			\$71,784	\$16,704	
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)							
11		Monthly Return of Rate Base (Line 6 * Line 8)							
12		Operating Expenses :							
13		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
14		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
15		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$27,268			\$111,752	\$23,114	
17		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,090			\$33,526	\$6,934	
18		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
19		Kentucky Power's Portion of Rockport Plants'							
20		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
21		Note: Cost in Column 8, Line 16 is to be Recorded on							
22		ES FORM 3.00 Line 2							\$44,550

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of August 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 08/31/2010							
1	L/T DEBT	77,696,624	34.5309%	4.9721%		1.7169%			1.7169%
2	S/T DEBT	60,143,163	26.7296%	0.2457%		0.0657%			0.0657%
3	CAPITALIZATION								
3	OFFSETS	0	0.0001%	2.9098%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	87,165,970	38.7394%	12.1600%	1/	4.7107%	1.681379	2/	7.9205%
6	TOTAL	225,005,757	100.0000%			6.4933%			9.7031%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of August 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$49,802,297	73.9%
2	FERC Wholesale Revenues	\$554,987	0.8%
3	Associated Utilities Revenues	\$7,167,304	10.7%
4	Non-Assoc. Utilities Revenues	\$9,834,175	14.6%
5	Total Revenues for Surcharges Purposes	\$67,358,763	100.0%
6	Non-Physical Revenues for Month	\$1,077,006	
7	Total Revenues for Month	\$68,435,769	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for June 2010	4.7991%
2	Kentucky Retail Revenues for Current Expense Month	\$50,905,816
3	Surcharge Collected (1) * (2)	\$2,443,021
4	Surcharge Amount To Be Collected	\$1,829,858
5	Over / (Under) Recovery (3) - (4) = (5)	\$613,163

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

Elizabeth O'Donnell, Executive Director
Attn.: Isaac S. Scott
Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, KY 40602

RECEIVED

SEP 22 2010

**PUBLIC SERVICE
COMMISSION**

September 22, 2010

Re: Monthly Environmental Surcharge Report – Revised

Dear Ms. O'Donnell

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power) files the original and two copies of its Environmental Surcharge Reports for the month of September 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for Service on and after September 28, 2010.

ES FORM 1.00 and ES FORM 1.10 of the Environmental Surcharge Report for the month of August 2010 have been revised and substitute pages are attached. The ES FORM 1.10 filed September 17, 2010, was not updated to show the new Base Net Environmental Costs associated with the new tariff that was approved and went into effect 6/29/2010. As a result of this oversight ES FORM 1.10 was calculated using the old base rate of \$2,342,883 rather than the recently approved base rate of \$4,088,830. Therefore a lower base amount was utilized, which resulted in the Environmental Surcharge Factor for the Expense Month of October to be overstated. Correcting this error reduces the surcharge from 4.6958% to 2.1050% and will result in a cost savings to the customer that will be billed for service on and after September 28, 2010. Please substitute the enclosed forms ES FORM 1.00 and ES FORM 1.10 in the monthly filing you received September 17, 2010.

I apologize for any inconvenience this may have caused. If there are any questions please contact me at 502-696-7010

Sincerely,

Lila P. Munsey
Manager, Regulatory Services

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$6,337,170
LINE 2	Brr from ES FORM 1.10	\$4,088,830
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,248,340
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	73.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,661,523
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$613,163)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,048,360
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,048,360
LINE 9	KY Retail R(m) from ES FORM 3.30	\$49,802,297
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.1050%

1/

Effective Date for Billing: October 2010

Submitted By : *Lila P. Munsey*

Title : Manager Regulatory Services

Date Submitted : September 17, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

October 15, 2010

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

RECEIVED

OCT 15 2010

**PUBLIC SERVICE
COMMISSION**

Attention: Aaron D. Greenwell

RE: Monthly Environmental Surcharge Report

Dear Mr. Derouen,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of September 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after October 27, 2010.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,543,622
LINE 2	Brr from ES FORM 1.10	\$3,740,010
LINE 3	E(m) (LINE 1 - LINE 2)	\$803,612
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.2%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$620,389
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$448,495)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$171,894
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$171,894
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,903,323
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.4202%

Effective Date for Billing: November 2010

Submitted By : *Lib P. Mursey*

Title : Manager Regulatory Services

Date Submitted : October 15, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,497,988
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$45,634
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,543,622

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of September 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$59,135,584)	
3	Less Accum. Def. Income Taxes	(\$43,169,474)	
4	Net Utility Plant		\$89,022,494
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$8,132,570
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$5,129
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$159,813
8	Total Rate Base		\$97,320,006
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$856,416
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,087,720
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$336,413
18	Monthly SO2 Emission Allowance Consumption		\$549,308
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,641,572
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,497,988

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of September 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		1,019	439,224	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	4,088					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	4,088	596,495	\$549,308	\$42,642,754	\$71.489
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,119,300		\$8,132,570	\$7.266
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06714

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of September 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	616	19,704	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,895		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of September 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	615	13,829	\$2,026	\$523,745	\$37.873
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		31,233		\$5,129	\$0.164

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2010

LINE NO.	O&M Expenses		
	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$362,235	
3	Monthly SO2 Allowance Consumption	\$549,308	
4	Total 1997 Plan O&M Expenses		\$942,094
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$328,121	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$2,026	
9	Equipment - Associated Operating Expenses	\$0	
10	Equipment - Associated Maintenance Expenses	\$6,266	
11	Total 2003 Plan O&M Expenses		\$336,413
12	Total Monthly O&M Expenses		\$1,278,507
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$159,813

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 September 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	(\$1,028.00)	\$0.00	\$0.00	(\$1,028.00)
SCR Boiler Outlet Ductwork	\$0.00	\$0.00	\$0.00	\$0.00
SCR Booster Fan	\$3,134.67	\$176.87	\$0.00	\$3,311.54
SCR NOx Monitoring	\$0.00	\$0.00	\$0.00	\$0.00
SCR Reactor	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR September 2010 O & M Expense	\$2,106.67	\$176.87	\$0.00	\$2,283.54
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$0.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$3,982.56	\$0.00	\$0.00	\$3,982.56
September 2010 O & M Expenses Filed				\$6,266

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of September 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$346,655		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$225,910		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$767,315		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$646,570		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,215		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,068,245	\$19,475	\$2,087,720

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of September 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$763,300		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$364,873		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$6,794,024		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$1,151,183		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$255,119		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,357,397	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.11	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.93	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$362,235	\$0	\$362,235

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3
 For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$95,084
7	Urea (5020002)	\$368,503
8	Trona (5020003)	\$207,982
9	Lime Stone (5020004)	\$401,324
10	Air Emission Fee	<u>\$8,973</u>
11	Total Operations (Lines 6 thru 10)	\$1,081,866
	Maintenance :	
12	SCR Maintenance (5120000)	\$3,443
13	Scrubber (FGD) Maintenance (5120000)	<u>\$122,610</u>
14	Total Maintenance (12) + (13)	<u>\$126,053</u>
15	1/2 of Maintenance (14) * 50%	<u>\$63,027</u>
16	Fixed O&M (11) + (15)	\$1,144,893
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$763,300</u>
19	Total Revenue Requirement, Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,000,196
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.06
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.89
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.89
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$346,655

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	(\$656,235)
5	Urea (5020002)	\$217,329
6	Trona (5020003)	\$115,503
7	Lime Stone (5020004)	\$532,597
8	Polymer (5020005)	\$20,761
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$50,963
11	Air Emission Fee	\$8,622
12	Total Operations (Line 4 thru 8)	\$289,540
	Maintenance :	
13	SCR Maintenance (5120000)	\$17,765
14	Scrubber (FGD) Maintenance (5120000)	\$132,900
15	Total Maintenance (11) + (12)	\$150,666
16	1/2 Maintenance (12) * 50%	\$75,333
17	Fixed O&M (9) + (11)	\$364,873
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (12)	\$5,821,458
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (15) X (16)	\$5,821,458
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.69
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (19) X (20)	\$0.58
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (21)	\$0.58
26	Kentucky Power Capacity Deficit (kw)	389,500
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (22) * (23) (ES FORM 3.14, Page 1 of 10, Line 2)	\$225,910

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$644,743
5	Lime (5020001)	\$3,505,581
6	Urea (5020002)	\$711,639
7	Trona (5020003)	\$809,073
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$503,264
10	Air Emission Fee	\$36,017
11	Lease (5070005)	\$0
12	Total Operations (Lines 4 thru 10)	\$6,210,316
	Maintenance :	
13	SCR Maintenance (5120000)	\$128,749
14	Scrubber Maintenance (5120000)	\$1,038,668
15	Total Maintenance (12) + (13)	\$1,167,416
16	1/2 of Maintenance (13) * 50%	\$583,708
17	Fixed O&M (11) + (15)	\$6,794,024
	Total Revenue Requirement,	
18	Cost Associated with Gavin Plant (3) + (16)	\$19,905,695
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,905,695
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Gavin Plant (\$/kw)	\$2.35
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.97
	Gavin Plant Costs to Kentucky Power :	
25	Gavin Plant Portion (\$/kw) (23)	\$1.97
26	Kentucky Power Capacity Deficit (kw)	389,500
27	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$767,315

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$113,971
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	(\$5,629)
5	Urea (5020002)	\$210,937
6	Trona (5020003)	\$39,032
7	Lime Stone (5020004)	\$325,678
8	Polymer (5020005)	\$2,643
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$19
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$584,808
	Maintenance :	
13	FDG (5120000)	\$1,122,073
14	SCR Maintenance (5120000)	\$10,678
15	1/2 of Maintenance (10 + 11) * 50%	\$566,376
16	Fixed O&M (9) + (12)	\$1,151,183
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,756,341
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,756,341
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.98
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.66
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.66
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$646,570

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$219,051
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$253,612
	Maintenance :	
8	SCR Maintenance (5120000)	\$3,013
9	1/2 of Maintenance (8) * 50%	\$1,507
10	Fixed O&M (7) + (9)	\$255,119
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,723,556
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,723,556
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.17
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.17
19	Kentucky Power Capacity Deficit (kw)	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$66,215

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,290
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of September 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
12	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$39,973	\$144,462	\$228,919	\$30,168	
14	Total Rockport Plant Common and Units 1 & 2	<u>50%</u>	<u>85.00%</u>	<u>65.08%</u>	<u>50.00%</u>	
15	Indiana Michigan Power Company Steam Capacity (kw)	\$19,987	\$122,793	\$148,980	\$15,084	\$306,844
16	Rockport Plant (\$/kw) (14) / (15)					5,416,000
17	Kentucky Power Portion of Rockport Plant /					\$0.06
18	Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (16)					\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					<u>389,500</u> \$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of September 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of September 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2010								
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$43,588,933	4.116%	2.08%		0.09%			0.09%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.07%			10.73%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171			
10	AFTER-TAX PRODUCTION INCOME						57.4173			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4173			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9171			
19	STATE (LINE 4)						5.6384			
20	BLENDED TAX RATE						36.5555			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of September 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
		Return on Rate Base :							
1		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
2		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3		AEGCo Low NOx Burners (LNB) Installed Cost						(\$103,660)	
4		Fiyash Landfill Installed Cost						(\$20,008)	
5		Less Accumulated Depreciation							
6		Less Accum. Def. Income Taxes		\$791,935	\$3,376,189	\$5,475,356	\$8,851,585	\$2,061,624	
7		Total Rate Base	10.1134%						
8		Weighted Average Cost of Capital - ES FORM 3.21							
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)						0.8428%	
		Monthly Return of Rate Base (Line 6 * Line 8)						\$17,375	
		Operating Expenses :							
10		Monthly Depreciation Expense							
11		Monthly Indiana Air Emissions Fee			\$15,456	\$24,502	\$39,968	\$6,410	
12		Total Operating Expenses (Line 10 + Line 11)			\$0	\$0	\$0	\$0	
		Total Revenue Requirement, Cost Associated with Rockport Plant							
13		CEMS and LNB (Line 9 + Line 12)							
14		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$27,511			\$114,569	\$23,785	
15		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$4,127					
		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
16		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2						\$7,136	\$45,634

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of September 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 09/30/2010							
1	L/T DEBT	77,699,411	36.3634%	4.9719%		1.8080%			1.8080%
2	S/T DEBT	49,779,596	23.2969%	0.2476%		0.0577%			0.0577%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	3.1271%		0.0000%			0.0000%
5	DEBT								
5	C EQUITY	86,195,854	40.3397%	12.1600%	1/	4.9053%	1.681379	2/	8.2477%
6	TOTAL	213,674,861	100.0000%			6.7710%			10.1134%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of September 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$40,903,323	77.2%
2	FERC Wholesale Revenues	\$495,401	0.9%
3	Associated Utilities Revenues	\$6,337,586	12.0%
4	Non-Assoc. Utilities Revenues	\$5,270,698	9.9%
5	Total Revenues for Surcharges Purposes	\$53,007,008	100.0%
6	Non-Physical Revenues for Month	\$521,456	
7	Total Revenues for Month	\$53,528,464	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for July 2010	0.2245%
2	Kentucky Retail Revenues for Current Expense Month	\$247,824,944
3	Surcharge Collected (1) * (2)	\$556,367
4	Surcharge Amount To Be Collected	\$107,872
5	Over / (Under) Recovery (3) - (4) = (5)	\$448,495

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

RECEIVED

October 26, 2010

OCT 26 2010

Jeff Shaw
Public Service Commission
P. O. Box 615
211 Sower Boulevard
Frankfort, Kentucky 40602

**PUBLIC SERVICE
COMMISSION**

RE: October Environmental Surcharge Report ES FORMS 1.00, 3.15 & 3.30 Revisions

Dear Mr. Shaw,

Kentucky Power Company filed the original and two copies of its Environmental Surcharge Reports for the month of September 2010 pursuant to KRS 278.183(3), on October 15, 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after October 27, 2010 were included.

As you requested by phone today, I reviewed the filing and agree a prorated factor should have been used instead of one of the two factors billed for September 2010, calculated on two different base revenue requirements from Case No. 2005-00341 dated March 14, 2006 and Case No. 2009-00459 dated June 28, 2010.

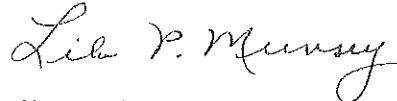
The Over (Under) Recovery Adjustment section of ES FORM 3.30, Line 1, Kentucky Retail Surcharge Factor for July 2010 has been revised to 1.5818%, which is between the two percentages previously calculated for the July 2010 filing of 0.2245% and 1.6074%. Since the Surcharge Collected on Line 3 reflects the actual amount collected of \$556,367, no changes were required to that number and therefore, the Kentucky Retail Revenues for Current Expense Month were updated to \$35,173,031.

Also, the Surcharge Amount to be collected on ES FORM 3.30, Line 4 was determined from the amounts to be recovered on ES FORM 1.00, Line 8 for the expense month of July 2010. The amount from Case No. 2005-00341 of \$772,199 and the amount from Case No. 2009-00459 of \$107,872 were averaged together, and the result of \$440,036 was to be collected in the month of September 2010 for the expense month of July 2010. As demonstrated on ES FORM 1.00, Line 6, the entire \$116,332 Over Recovery, or \$556,367 minus \$440,036 was used in calculating the September 2010 Environmental Surcharge Factor.

Jeff Shaw
Page 2
October 26, 2010

Finally, ES FORM 3.15, which was prematurely updated to an April 30, 2010 capital structure, has been revised to its previously approved levels as of 10/31/2009 based on Case No. 2010-00020 dated April 29, 2010, which provided a weighted cost of capital (pre-tax) of 10.5% and a gross revenue conversion factor of 1.5760.

If there are any questions please contact me at 502-696-7010.



Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,543,622
LINE 2	Brr from ES FORM 1.10	\$3,740,010
LINE 3	E(m) (LINE 1 - LINE 2)	\$803,612
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.2%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$620,389
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$116,332)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$504,058
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$504,058
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,903,323
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.2323%

1/

Effective Date for Billing: November 2010

Submitted By : *Lila P. Mursey*

Title : Manager Regulatory Services

Date Submitted : October 15, 2010

1/ Case No. 2009-00459, dated June 28, 2010

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of September 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
		As of 10/31/2009							
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%
3	ACCTS REC								
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105		
10	AFTER-TAX PRODUCTION INCOME						57.4051		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4051		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9105		
19	STATE (LINE 4)						5.6372		
20	BLENDED TAX RATE						36.5477		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of September 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$40,903,323	77.2%
2	FERC Wholesale Revenues	\$495,401	0.9%
3	Associated Utilities Revenues	\$6,337,586	12.0%
4	Non-Assoc. Utilities Revenues	\$5,270,698	9.9%
5	Total Revenues for Surcharges Purposes	\$53,007,008	100.0%
6	Non-Physical Revenues for Month	\$521,456	
7	Total Revenues for Month	\$53,528,464	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for July 2010	1.5818%
2	Kentucky Retail Revenues for Current Expense Month	\$35,173,031
3	Surcharge Collected (1) * (2)	\$556,367
4	Surcharge Amount To Be Collected	\$440,036
5	Over / (Under) Recovery (3) - (4) = (5)	\$116,332

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

November 19, 2010

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

RECEIVED
NOV 19 2010
PUBLIC SERVICE
COMMISSION

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of October 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after November 29, 2010.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of October 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,683,697
LINE 2	Brr from ES FORM 1.10	\$3,260,302
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,423,395
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.4%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,101,708
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$332,708
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,434,416
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,434,416
LINE 9	KY Retail R(m) from ES FORM 3.30	\$39,106,852
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.6679%

1/

Effective Date for Billing: December 2010

Submitted By : *Lela P. Munsey*

Title : Manager Regulatory Services

Date Submitted : November 19, 2010

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	\$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,635,671
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$48,026
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		----- \$4,683,697

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of October 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$59,135,584)	
3	Less Accum. Def. Income Taxes	(\$42,951,321)	
4	Net Utility Plant		\$89,240,647
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,576,409
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$3,364
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$176,406
8	Total Rate Base		\$96,996,826
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$853,572
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,114,985
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$442,822
18	Monthly SO2 Emission Allowance Consumption		\$556,161
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,782,099</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,635,671

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of October 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		1,019	439,224	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	4,088					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	4,139	600,634	\$556,161	\$43,198,915	\$71.922
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,115,161		\$7,576,409	\$6.794
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06714

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of October 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	36,954	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	1	19,705	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,894		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of October 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,622	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	536	14,365	\$1,766	\$525,510	\$36.583
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		30,697		\$3,364	\$0.110

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2010

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$381,710	
3	Monthly SO2 Allowance Consumption	<u>\$556,161</u>	
4	Total 1997 Plan O&M Expenses		\$968,422
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$333,019	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$1,766	
9	Equipment - Associated Operating Expenses	\$1,804	
10	Equipment - Associated Maintenance Expenses	<u>\$106,233</u>	
11	Total 2003 Plan O&M Expenses		<u>\$442,822</u>
12	Total Monthly O&M Expenses		<u>\$1,411,244</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$176,406

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 October 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$10,918.11	\$18,857.28	\$0.00	\$29,775.39
SCR Boiler Outlet Ductwork	\$2,605.00	\$142.50	\$0.00	\$2,747.50
SCR Booster Fan	\$329.92	\$9,681.52	\$0.00	\$10,011.44
SCR NOx Monitoring	\$676.00	\$0.00	\$0.00	\$676.00
SCR Reactor	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR October 2010 O & M Expense	\$14,529.03	\$28,681.30	\$0.00	\$43,210.33
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$1,803.80
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$12,391.84	\$50,630.96	\$0.00	\$63,022.80
October 2010 O & M Expenses Filed				\$108,037

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of October 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$350,550		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$767,315		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$638,780		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,215		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,095,510	\$19,475	\$2,114,985

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of October 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 18)	\$802,886		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 14)	\$1,209,125		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 16)	\$6,662,932		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 13)	\$917,919		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$257,957		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,879,716	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.17	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.98	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$381,710	\$0	\$381,710

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$42,955
7	Urea (5020002)	\$430,021
8	Trona (5020003)	\$246,574
9	Lime Stone (5020004)	\$378,517
10	Steam Exp (5020025)	(\$40)
11	Air Emission Fee	\$8,973
12	Total Operations (Lines 6 thru 10)	\$1,107,000
	Maintenance :	
13	SCR Maintenance (5120000)	\$1,456
14	Scrubber (FGD) Maintenance (5120000)	\$193,082
15	Total Maintenance (12) + (13)	\$194,538
16	1/2 of Maintenance (14) * 50%	\$97,269
17	Fixed O&M (11) + (15)	\$1,204,269
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$802,886
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,039,782
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.07
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.90
26	Kentucky Power Capacity Deficit (kw)	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$350,550

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$174,388
5	Urea (5020002)	\$253,996
6	Trona (5020003)	\$123,467
7	Lime Stone (5020004)	\$511,737
8	Polymer (5020005)	\$73
9	Lime Hydrate (5020007)	\$2,143
10	Steam Exp (5020025)	\$48,300
11	Air Emission Fee	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$1,122,726
	Maintenance :	
13	SCR Maintenance (5120000)	\$20,180
14	Scrubber (FGD) Maintenance (5120000)	<u>\$152,617</u>
15	Total Maintenance (13) + (14)	\$172,797
16	1/2 Maintenance (15) * 50%	<u>\$86,399</u>
17	Fixed O&M (12) + (16)	<u>\$1,209,125</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,665,710</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,665,710
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.79
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.66
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$737,783
5	Lime (5020001)	\$3,319,758
6	Urea (5020002)	\$859,758
7	Trona (5020003)	\$658,793
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$633,354
10	Air Emission Fee	\$36,017
11	Lease (5070005)	<u>\$0</u>
12	Total Operations (Lines 4 thru 10)	\$6,245,463
	Maintenance :	
13	SCR Maintenance (5120000)	\$118,466
14	Scrubber Maintenance (5120000)	<u>\$716,471</u>
15	Total Maintenance (12) + (13)	\$834,937
16	1/2 of Maintenance (13) * 50%	<u>\$417,469</u>
17	Fixed O&M (11) + (15)	<u>\$6,662,932</u>
	Total Revenue Requirement,	
18	Cost Associated with Gavin Plant (3) + (17)	\$19,774,603
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,774,603
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Gavin Plant (\$/kw)	\$2.34
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.97
	Gavin Plant Costs to Kentucky Power :	
25	Gavin Plant Portion (\$/kw) (23)	\$1.97
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$767,315

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$113,971</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$111,296
5	Urea (5020002)	\$276,091
6	Trona (5020003)	\$51,742
7	Lime Stone (5020004)	\$520,308
8	Polymer (5020005)	\$1,532
9	Lime Hydrate (5020007)	\$4,574
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$977,671
	Maintenance :	
13	FDG (5120000)	(\$123,073)
14	SCR Maintenance (5120000)	<u>\$3,568</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>(\$59,753)</u>
16	Fixed O&M (9) + (12)	<u>\$917,919</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,523,077</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,523,077
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.95
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.64
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.64
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$638,780

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$222,529
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$257,090
	Maintenance :	
8	SCR Maintenance (5120000)	\$1,733
9	1/2 of Maintenance (8) * 50%	\$867
10	Fixed O&M (7) + (9)	\$257,957
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,726,394
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,726,394
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.17
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.17
19	Kentucky Power Capacity Deficit (kw)	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$66,215

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,290</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of October 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	65.08%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$148,980	\$15,084	\$306,844
16	Indiana Michigan Power Company Steam Capacity (kw) Rockport Plant (\$/kw) (14) / (15)					5,416,000
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					\$0.06
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18)					\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					389,500
						\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of October 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,248
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of October 2010

LINE NO.	Component	Balances As of 10/31/2009	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%
3	ACCTS REC	\$46,535,672	4.532%	2.08%		0.09%			0.09%
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105		
10	AFTER-TAX PRODUCTION INCOME						57.4051		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4051		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9105		
19	STATE (LINE 4)						5.6372		
20	BLENDED TAX RATE						36.5477		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of October 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
		Return on Rate Base :							
1		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
2		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3		AEGCo Low NOx Burners (LNB) installed Cost							
4		Fiyash Landfill Installed Cost							
5		Less Accumulated Depreciation		(\$839,869)	(\$1,280,971)	(\$1,909,448)		(\$110,070)	
6		Less Accum. Def. Income Taxes		(\$148,791)	(\$625,550)	(\$984,167)		(\$17,766)	
7		Total Rate Base	10.9910%	\$788,546	\$3,366,136	\$5,459,469	\$8,825,605	\$2,057,457	
8		Weighted Average Cost of Capital - ES FORM 3.21		0.9159%			0.9159%	0.9159%	
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$7,222			\$80,834	\$18,844	
10		Monthly Return of Rate Base (Line 6 * Line 8)							
11		Operating Expenses :							
12		Monthly Depreciation Expense							
13		Monthly Indiana Air Emissions Fee		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
14		Total Operating Expenses (Line 10 + Line 11)		\$15,625	\$0	\$0	\$0	\$0	
15		Total Revenue Requirement; Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$20,837			\$39,968	\$6,410	
16		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$28,059			\$120,802	\$25,254	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$4,209			\$36,241	\$7,576	
		Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							
									\$48,026

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of October 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 10/31/2010							
1	L/T DEBT	77,288,974	39.2945%	4.9362%		1.9397%			1.9397%
2	S/T DEBT	32,656,949	16.6032%	0.2070%		0.0344%			0.0344%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	3.5315%		0.0000%			0.0000%
5	DEBT C EQUITY	86,745,448	44.1023%	12.1600%	1/	5.3628%	1.681379	2/	9.0169%
6	TOTAL	196,691,371	100.0000%			7.3369%			10.9910%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of October 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$39,106,852	77.4%
2	FERC Wholesale Revenues	\$386,166	0.8%
3	Associated Utilities Revenues	\$6,800,222	13.5%
4	Non-Assoc. Utilities Revenues	\$4,192,455	8.3%
5	Total Revenues for Surcharges Purposes	\$50,485,695	100.0%
6	Non-Physical Revenues for Month	\$396,149	
7	Total Revenues for Month	\$50,881,844	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for August 2010	2.1050%
2	Kentucky Retail Revenues for Current Expense Month	\$33,997,720
3	Surcharge Collected (1) * (2)	\$715,652
4	Surcharge Amount To Be Collected	\$1,048,360
5	Over / (Under) Recovery (3) - (4) = (5)	(\$332,708)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER®**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

December 17, 2010

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

RECEIVED

DEC 17 2010

**PUBLIC SERVICE
COMMISSION**

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCCo) files the original and two copies of its Environmental Surcharge Reports for the month of November 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after December 30, 2010.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of November 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,688,698
LINE 2	Brr from ES FORM 1.10	\$2,786,040 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,902,658
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	81.9%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,558,277
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$30,426)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,527,851
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,527,851
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,488,923
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.7735%

Effective Date for Billing: January 2011

Submitted By : *Lila P. Munsey*

Title : Manager Regulatory Services

Date Submitted : December 17, 2010

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,638,843
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$49,855
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,688,698

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of November 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$60,382,148)	
3	Less Accum. Def. Income Taxes	(\$45,166,731)	
4	Net Utility Plant		\$85,778,673
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,049,408
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$1,920
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$180,700
8	Total Rate Base		\$93,010,701
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$818,494
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$30,551
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,087,720
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$537,496
18	Monthly SO2 Emission Allowance Consumption		\$527,002
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,820,349
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,638,843

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2010

		(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY			754,608		\$4,685,726	\$6.209
Additions -						
EPA Allowances		1,019	439,224	\$0	\$0	\$0.000
Gavin Reallocation		0	94,744	\$0	\$0	\$0.000
P & E Transfers In		0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases		0	33,930	\$0	\$9,455,560	\$278.678
Other (List)		0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment		0	4	\$0	\$0	\$0.000
Withdrawals -						
P & E Transfers Out		0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales		0	52,690	\$0	\$4,758,135	\$90.304
Off - System Sales		0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment		0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	4,088					
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	3,922	604,556	\$527,002	\$43,725,916	\$72.327
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5			1,111,239		\$7,049,408	\$6.344
Expense Month Member Load Ratio for AEP/Kentucky Power						0.06714

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	49	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	3	19,708	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,940		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NO_x EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	107	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	440	\$0	\$528,874	\$1,201.986
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NO _x Consumed By Kentucky Power	484	14,849	\$1,443	\$526,954	\$35.488
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		30,320		\$1,920	\$0.063

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of November 2010

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$30,551	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$350,550	
3	Monthly SO2 Allowance Consumption	<u>\$527,002</u>	
4	Total 1997 Plan O&M Expenses		\$908,103
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$371,089	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$1,443	
9	Equipment - Associated Operating Expenses	\$1,740	
10	Equipment - Associated Maintenance Expenses	<u>\$163,224</u>	
11	Total 2003 Plan O&M Expenses		<u>\$537,496</u>
12	Total Monthly O&M Expenses		<u>\$1,445,599</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$180,700

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 October 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$13,513.53	\$10,579.77	\$0.00	\$24,093.30
SCR Boiler Outlet Ductwork	\$0.00	\$0.00	\$0.00	\$0.00
SCR Booster Fan	(\$93.43)	(\$4,840.76)	\$0.00	(\$4,934.19)
SCR NOx Monitoring	\$610.75	\$0.00	\$0.00	\$610.75
SCR Reactor	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR October 2010 O & M Expense	\$14,030.85	\$5,739.01	\$0.00	\$19,769.86
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$1,740.12
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$32,927.16	\$110,527.00	\$0.00	\$143,454.16
October 2010 O & M Expenses Filed				\$164,964

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of November 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$222,015		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$782,895		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$642,675		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,215		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,068,245	\$19,475	\$2,087,720

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of November 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$458,568		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$272,953		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$7,114,639		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$991,398		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$190,105		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,056,560	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.07	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$350,550	\$0	\$350,550

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$61,863
7	Urea (5020002)	\$271,870
8	Trona (5020003)	\$61,315
9	Lime Stone (5020004)	\$220,669
10	Steam Exp (5020025)	(\$37)
11	Air Emission Fee	<u>\$8,973</u>
12	Total Operations (Lines 6 thru 10)	\$624,653
	Maintenance :	
13	SCR Maintenance (5120000)	\$1,317
14	Scrubber (FGD) Maintenance (5120000)	<u>\$125,013</u>
15	Total Maintenance (12) + (13)	<u>\$126,330</u>
16	1/2 of Maintenance (14) * 50%	<u>\$63,165</u>
17	Fixed O&M (11) + (15)	\$687,818
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$458,568</u>
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,695,464
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$338,865

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	(\$410,381)
5	Urea (5020002)	\$132,020
6	Trona (5020003)	\$93,435
7	Lime Stone (5020004)	\$309,944
8	Polymer (5020005)	\$4,261
9	Lime Hydrate (5020007)	\$4,865
10	Steam Exp (5020025)	\$36,751
11	Air Emission Fee	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$179,517
	Maintenance :	
13	SCR Maintenance (5120000)	\$7,211
14	Scrubber (FGD) Maintenance (5120000)	<u>\$179,661</u>
15	Total Maintenance (13) + (14)	\$186,872
16	1/2 Maintenance (15) * 50%	<u>\$93,436</u>
17	Fixed O&M (12) + (16)	<u>\$272,953</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$5,729,538</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,729,538
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.68
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.57
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.57
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$222,015

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$726,834
5	Lime (5020001)	\$3,946,163
6	Urea (5020002)	\$1,026,321
7	Trona (5020003)	\$620,529
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$292,241
10	Air Emission Fee	\$36,017
11	Lease (5070005)	\$0
12	Total Operations (Lines 4 thru 10)	\$6,648,105
	Maintenance :	
13	SCR Maintenance (5120000)	\$140,858
14	Scrubber Maintenance (5120000)	\$792,209
15	Total Maintenance (12) + (13)	\$933,067
16	1/2 of Maintenance (13) * 50%	\$466,534
17	Fixed O&M (11) + (15)	\$7,114,639
	Total Revenue Requirement,	
18	Cost Associated with Gavin Plant (3) + (17)	\$20,226,310
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,226,310
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Gavin Plant (\$/kw)	\$2.39
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.01
	Gavin Plant Costs to Kentucky Power :	
25	Gavin Plant Portion (\$/kw) (23)	\$2.01
26	Kentucky Power Capacity Deficit (kw)	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$782,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$113,971
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$139,141
5	Urea (5020002)	\$304,396
6	Trona (5020003)	\$32,922
7	Lime Stone (5020004)	\$529,998
8	Polymer (5020005)	\$1,515
9	Lime Hydrate (5020007)	\$4,856
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,024,956
	Maintenance :	
13	FDG (5120000)	(\$83,239)
14	SCR Maintenance (5120000)	\$16,122
15	1/2 of Maintenance (10 + 11) * 50%	(\$33,559)
16	Fixed O&M (9) + (12)	\$991,398
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,596,556
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,596,556
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.96
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.65
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.65
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$642,675

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$153,241
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$187,802
	Maintenance :	
8	SCR Maintenance (5120000)	\$4,606
9	1/2 of Maintenance (8) * 50%	<u>\$2,303</u>
10	Fixed O&M (7) + (9)	<u>\$190,105</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,658,542</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,658,542
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.17
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.17
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$66,215

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,290</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of November 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of November 2010

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 10/31/2009								
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of November, 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4		AEGCo Low NOx Burners (LNB) Installed Cost		(\$845,081)	(\$1,296,437)	(\$1,933,950)		(\$116,480)	
5		Flyash Landfill Installed Cost		(\$158,680)	(\$645,187)	(\$1,016,861)		(\$38,527)	
6		Less Accumulated Depreciation		\$773,445	\$3,331,033	\$5,402,273	\$8,733,306	\$2,030,285	
7		Less Accum. Def. Income Taxes							
8		Total Rate Base	11.7715%						
9		Weighted Average Cost of Capital - ES FORM 3.21		0.9810%			0.9810%	0.9810%	
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$7,587			\$85,674	\$19,917	
11		Monthly Return of Rate Base (Line 6 * Line 8)							
12		Operating Expenses :							
13		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
14		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
15		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant							\$49,855
		CEMS and LNB (Line 9 + Line 12)		\$28,424			\$125,642	\$26,327	
		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,264			\$37,693	\$7,898	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants'							
		Total Revenue Requirement: (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on							
		ES FORM 3.00 Line 2							

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of November 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 11/30/2010							
1	L/T DEBT	77,291,762	41.7742%	4.9360%		2.0620%			2.0620%
2	S/T DEBT	20,087,846	10.8569%	0.2263%		0.0246%			0.0246%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	3.9645%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	87,643,330	47.3689%	12.1600%	1/	5.7601%	1.681379	2/	9.6849%
6	TOTAL	185,022,938	100.0000%			7.8467%			11.7715%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation: 1 OPERATING REVENUE 100.00 2 LESS: INDIANA ADJUSTED GROSS INCOME 3 (LINE 1 X .085) 8.500 4 INCOME BEFORE FED INC TAX 91.500 5 LESS: FEDERAL INCOME TAX 6 (LINE 4 X .35) 32.025 7 OPERATING INCOME PERCENTAGE 59.475 8 GROSS REVENUE CONVERSION 9 FACTOR (100% / LINE 7) 1.681379									

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of November 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$40,488,923	81.9%
2	FERC Wholesale Revenues	\$410,737	0.8%
3	Associated Utilities Revenues	\$4,661,941	9.4%
4	Non-Assoc. Utilities Revenues	\$3,884,802	7.9%
5	Total Revenues for Surcharges Purposes	\$49,446,403	100.0%
6	Non-Physical Revenues for Month	\$554,295	
7	Total Revenues for Month	\$50,000,698	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for September 2010	1.2323%
2	Kentucky Retail Revenues for Current Expense Month	\$43,372,880
3	Surcharge Collected (1) * (2)	\$534,484
4	Surcharge Amount To Be Collected	\$504,058
5	Over / (Under) Recovery (3) - (4) = (5)	\$30,426

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER®**

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Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

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**PUBLIC SERVICE
COMMISSION**

January 20, 2010

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

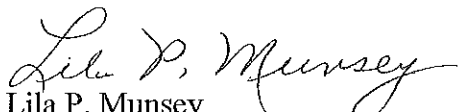
Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of December 2010. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after January 31, 2010.

If there are any questions please contact me at 502-696-7010.


Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of December 2010

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$5,974,087
LINE 2	Brr from ES FORM 1.10	\$4,074,321
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,899,766
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	86.5%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,643,298
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$404,652)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,238,646
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,238,646
LINE 9	KY Retail R(m) from ES FORM 3.30	\$56,106,329
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.2077%

1/

Effective Date for Billing: February 2011

Submitted By : *Lila P. Munsey*

Title : Manager Regulatory Services

Date Submitted : January 20, 2010

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of December 2010

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	\$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of December 2010

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$5,923,090
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$50,997
	Third Component: Net Proceeds from Emission Allowances Sales AS <ol style="list-style-type: none"> 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances 	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.	-----	\$5,974,087

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of December 2010

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$60,908,282)	
3	Less Accum. Def. Income Taxes	(\$45,405,568)	
4	Net Utility Plant		\$85,013,702
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$16,910,379
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$184,206
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$331,346
8	Total Rate Base		\$102,439,633
9	Weighted Average Cost of Capital - ES FORM 3.15	10.50%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.88%
11	Monthly Return of Rate Base (8) * (10)		\$901,469
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$37,434
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,138,355
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$663,977
18	Monthly SO2 Emission Allowance Consumption		\$1,544,275
19	Total Operating Expenses [Line 12 thru Line 18]		\$5,021,621
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,923,090

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of December 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	33,701	67,631	\$11,503,061	\$20,958,621	\$309.897
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	7,297	59,987	\$97,815	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	3,525		\$1,529,691		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	1,088	609,169	\$14,584	\$45,270,191	\$74.315
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,133,030		\$16,910,379	\$14.925
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06714

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of December 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	19,708	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,940		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transactions for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of December 2010

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	540	980	\$486,000	\$1,014,874	\$1,035.586
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	737	15,586	\$303,714	\$830,668	\$53.296
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		30,123		\$184,206	\$6.115

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of December 2010

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$37,434	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$405,080	
3	Monthly SO2 Allowance Consumption	<u>\$1,544,275</u>	
4	Total 1997 Plan O&M Expenses		\$1,986,789
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$325,812	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$303,714	
9	Equipment - Associated Operating Expenses	\$4,813	
10	Equipment - Associated Maintenance Expenses	<u>\$29,638</u>	
11	Total 2003 Plan O&M Expenses		<u>\$663,977</u>
12	Total Monthly O&M Expenses		<u>\$2,650,766</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$331,346

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 December 2010**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$28,253.06	(\$20,733.62)	\$0.00	\$7,519.44
SCR Boiler Outlet Ductwork	\$0.00	\$0.00	\$0.00	\$0.00
SCR Booster Fan	\$93.43	\$25,000.00	\$0.00	\$25,093.43
SCR NOx Monitoring	\$1,991.38	\$0.00	\$0.00	\$1,991.38
SCR Reactor	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR December 2010 O & M Expense	\$30,337.87	\$4,266.38	\$0.00	\$34,604.25
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$4,813.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$65,401.04	(\$70,367.00)	\$0.00	(\$4,965.96)
December 2010 O & M Expenses Filed				\$34,451.29

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of December 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$350,550		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$747,840		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$3,895		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$685,520		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$58,425		
7	Spom Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,118,880	\$19,475	\$2,138,355

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of December 2010

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$810,117		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,309,065		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,248,409		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$2,034,504		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$49,083		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$10,480,075	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.24	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.04	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$405,080	\$0	\$405,080

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$601,233,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,236,896
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,236,896
	Operations :	
6	Disposal (5010000)	\$82,697
7	Urea (5020002)	\$374,395
8	Trona (5020003)	\$169,964
9	Lime Stone (5020004)	\$359,838
10	Steam Exp (5020025)	(\$34)
11	Air Emission Fee	<u>\$8,973</u>
12	Total Operations (Lines 6 thru 10)	\$995,833
	Maintenance :	
13	SCR Maintenance (5120000)	\$2,110
14	Scrubber (FGD) Maintenance (5120000)	<u>\$436,451</u>
15	Total Maintenance (12) + (13)	<u>\$438,561</u>
16	1/2 of Maintenance (14) * 50%	<u>\$219,281</u>
17	Fixed O&M (11) + (15)	\$1,215,114
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$810,117</u>
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,047,013
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.07
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.90
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$350,550

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$398,290,892
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,456,585
	Operations :	
4	Disposal (5010000)	\$282,166
5	Urea (5020002)	\$186,931
6	Trona (5020003)	\$81,449
7	Lime Stone (5020004)	\$314,727
8	Polymer (5020005)	\$269
9	Lime Hydrate (5020007)	\$2,209
10	Steam Exp (5020025)	\$40,512
11	Air Emission Fee	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$916,885
	Maintenance :	
13	SCR Maintenance (5120000)	\$31,083
14	Scrubber (FGD) Maintenance (5120000)	<u>\$753,276</u>
15	Total Maintenance (13) + (14)	\$784,359
16	1/2 Maintenance (15) * 50%	<u>\$392,180</u>
17	Fixed O&M (12) + (16)	<u>\$1,309,065</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,765,650</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,765,650
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.80
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.67
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$260,965

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$957,056,293
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,111,671
	Operations :	
4	Sludge Disposal (5010000)	\$659,817
5	Lime (5020001)	\$3,077,541
6	Urea (5020002)	\$820,329
7	Trona (5020003)	\$670,365
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$292,242
10	Air Emission Fee	\$36,017
11	Lease (5070005)	\$0
12	Total Operations (Lines 4 thru 10)	\$5,556,311
	Maintenance :	
13	SCR Maintenance (5120000)	\$182,254
14	Scrubber Maintenance (5120000)	<u>\$1,201,942</u>
15	Total Maintenance (12) + (13)	\$1,384,196
16	1/2 of Maintenance (13) * 50%	<u>\$692,098</u>
17	Fixed O&M (11) + (15)	<u>\$6,248,409</u>
	Total Revenue Requirement,	
18	Cost Associated with Gavin Plant (3) + (17)	\$19,360,080
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,360,080
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Gavin Plant (\$/kw)	\$2.29
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.92
	Gavin Plant Costs to Kentucky Power :	
25	Gavin Plant Portion (\$/kw) (23)	\$1.92
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$747,840

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$7,173,774
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$98,281
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$113,971</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$113,971
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.01
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.01
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.01
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$3,895

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,139,062,655
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,605,158
	Operations :	
4	Disposal (5010000)	\$502,055
5	Urea (5020002)	\$512,549
6	Trona (5020003)	\$70,366
7	Lime Stone (5020004)	\$788,892
8	Polymer (5020005)	\$2,596
9	Lime Hydrate (5020007)	\$4,469
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,893,055
	Maintenance :	
13	FDG (5120000)	\$272,794
14	SCR Maintenance (5120000)	<u>\$10,103</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$141,449</u>
16	Fixed O&M (9) + (12)	<u>\$2,034,504</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,639,662</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,639,662
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.09
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.76
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.76
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$685,520

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$107,185,185
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,468,437
	Operations :	
4	Urea (5020002)	\$14,235
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$48,796
	Maintenance :	
8	SCR Maintenance (5120000)	\$573
9	1/2 of Maintenance (8) * 50%	<u>\$287</u>
10	Fixed O&M (7) + (9)	<u>\$49,083</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,517,520</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,517,520
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.18
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.15
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.15
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$58,425

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,298,007
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,083
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,290
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,290
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of December 2010

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,777,228	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,348	\$144,462	\$228,919	\$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$39,973	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	65.08%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$19,987	\$122,793	\$148,980	\$15,084	\$306,844
16	Indiana Michigan Power Company Steam Capacity (kw) Rockport Plant (\$/kw) (14) / (15)					5,416,000
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					\$0.06
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18) Kentucky Power Capacity Deficit (kw)					\$0.01
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					389,500
						\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of December 2010

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,439,622
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,623
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,248</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,248
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of December 2010

LINE NO.	Component	Balances As of 10/31/2009	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
1	L/T DEBT	\$550,000,000	53.561%	6.48%		3.47%			3.47%	
2	S/T DEBT	\$0	0.000%	1.77%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$46,535,672	4.532%	2.08%		0.09%			0.09%	
4	C EQUITY	\$430,332,408	41.907%	10.50%	1/	4.40%	1.5760	2/	6.94%	
5	TOTAL	\$1,026,868,080	100.000%			7.96%			10.50%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6372			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3156			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9105			
10	AFTER-TAX PRODUCTION INCOME						57.4051			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4051			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2600			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4523			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9105			
19	STATE (LINE 4)						5.6372			
20	BLENDED TAX RATE						36.5477			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5760			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.26%)						0.2600			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.5900			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9528			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6372			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 10/31/2009 based on Case No. 2010-00020, dated April 29, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of December 2010

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost							
4		AEGCo Low NOx Burners (LNB) Installed Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
5		Flvash Landfill Installed Cost		(\$850,293)	(\$1,311,903)	(\$1,958,452)		(\$122,890)	
6		Less Accumulated Depreciation		(\$159,197)	(\$644,783)	(\$1,016,540)		(\$40,885)	
7		Total Rate Base	12.2373%	\$767,716	\$3,315,971	\$5,378,092	\$8,694,063	\$2,021,517	
8		Weighted Average Cost of Capital - ES FORM 3.21		1.0198%			1.0198%	1.0198%	
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$7,829			\$88,662	\$20,615	
10		Operating Expenses :							
11		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
12		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
13		Total Operating Expenses (Line 10 + Line 11)		\$20,837	\$0	\$0	\$39,968	\$6,410	
14		Total Revenue Requirement, Cost Associated with Rockport Plant		\$28,666			\$128,630	\$27,025	
15		CEMS and LNB (Line 9 + Line 12)		\$4,300				\$8,108	
16		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)							
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants'							
		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on							
		ES FORM 3.00 Line 2							\$50,997

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of December 2010

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 12/31/2010							
1	L/T DEBT	77,294,549	44.3499%	4.9358%		2.1890%			2.1890%
2	S/T DEBT	11,631,183	6.6737%	0.5211%		0.0348%			0.0348%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	4.3584%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	85,357,628	48.9764%	12.1600%	1/	5.9555%	1.681379	2/	10.0135%
6	TOTAL	174,283,360	100.0000%			8.1793%			12.2373%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of December 2010

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$56,106,329	86.5%
2	FERC Wholesale Revenues	\$639,267	1.0%
3	Associated Utilities Revenues	\$2,533,257	3.9%
4	Non-Assoc. Utilities Revenues	\$5,561,003	8.6%
5	Total Revenues for Surcharges Purposes	\$64,839,856	100.0%
6	Non-Physical Revenues for Month	\$240,982	
7	Total Revenues for Month	\$65,080,838	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for October 2010	3.6679%
2	Kentucky Retail Revenues for Current Expense Month	\$50,139,535
3	Surcharge Collected (1) * (2)	\$1,839,068
4	Surcharge Amount To Be Collected	\$1,434,416
5	Over / (Under) Recovery (3) - (4) = (5)	\$404,652

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

February 18, 2011

RECEIVED

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

**FEB 18 2011
PUBLIC SERVICE
COMMISSION**

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of January 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 1, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of January 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,880,732
LINE 2	Brr from ES FORM 1.10	\$3,991,163 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$889,569
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	84.7%
LINE 5A	KY Retail E(m) (LINE 3 * LINE 4)	\$753,465
LINE 5B	Environmental Surcharge Clause Adjustment Case No. 2010-00318, dated January 24, 2011	(\$49,885)
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$877,185)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$173,605)
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	(\$173,605)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$65,952,346
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.2632%

Effective Date for Billing: March 2011

Submitted By : *Lila P. Mursey*

Title : Manager Regulatory Services

Date Submitted : February 18, 2010

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of January 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of January 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,826,570
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$54,162
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales	-----	\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,880,732

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of January 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$61,628,712)	
3	Less Accum. Def. Income Taxes	(\$40,348,795)	
4	Net Utility Plant		\$89,350,045
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$14,838,410
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$200,780
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$189,160
8	Total Rate Base		\$104,578,395
9	Weighted Average Cost of Capital - ES FORM 3.15	10.70%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$930,748
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,165,620
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$533,564
18	Monthly SO2 Emission Allowance Consumption		\$527,359
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$3,895,822</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,826,570

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$156,184	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	4,116	4,120	(\$1,700,794)	(\$1,700,794)	(\$412.814)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	797		\$351,033		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	9,052	619,018	\$176,326	\$45,797,550	\$73.984
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,127,297		\$14,838,410	\$13.163
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06874

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	19,708	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,940		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of January 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$45,716	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	997	16,583	\$29,142	\$859,810	\$51.849
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		29,126		\$200,780	\$6.893

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of January 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$420,660	
3	Monthly SO2 Allowance Consumption	<u>\$527,359</u>	
4	Total 1997 Plan O&M Expenses		\$979,718
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$460,384	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$29,142	
9	Equipment - Associated Operating Expenses	\$5,814	
10	Equipment - Associated Maintenance Expenses	<u>\$38,224</u>	
11	Total 2003 Plan O&M Expenses		<u>\$533,564</u>
12	Total Monthly O&M Expenses		<u>\$1,513,282</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$189,160

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 January 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$19,392.25	\$13,708.33	\$0.00	\$33,100.58
SCR Boiler Outlet Ductwork	\$0.00	\$0.00	\$0.00	\$0.00
SCR Booster Fan	\$0.00	(\$12,075.96)	\$0.00	(\$12,075.96)
SCR NOx Monitoring	\$186.28	\$3,104.64	\$0.00	\$3,290.92
SCR Reactor	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR January 2011 O & M Expense	\$19,578.53	\$4,737.01	\$0.00	\$24,315.54
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$5,813.88
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$7,056.92	\$6,851.70	\$0.00	\$13,908.62
January 2011 O & M Expenses Filed				\$44,038.04

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of January 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$268,755		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$794,580		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$662,150		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$58,425		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,146,145	\$19,475	\$2,165,620

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of January 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$613,873		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,426,220		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$7,311,120		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,437,241		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$38,393		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$10,855,744	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.28	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.08	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$420,660	\$0	\$420,660

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$64,651
7	Urea (5020002)	\$329,147
8	Trona (5020003)	\$124,311
9	Lime Stone (5020004)	\$303,603
10	Steam Exp (5020025)	\$19
11	Air Emission Fee	\$8,973
12	Total Operations (Lines 6 thru 10)	\$830,704
	Maintenance :	
13	SCR Maintenance (5120000)	\$3,850
14	Scrubber (FGD) Maintenance (5120000)	\$176,270
15	Total Maintenance (12) + (13)	\$180,120
16	1/2 of Maintenance (14) * 50%	\$90,060
17	Fixed O&M (11) + (15)	\$920,764
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$613,873
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,839,821
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.88
26	Kentucky Power Capacity Deficit (kw)	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$342,760

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$228,414
5	Urea (5020002)	\$336,096
6	Trona (5020003)	\$158,654
7	Lime Stone (5020004)	\$553,300
8	Polymer (5020005)	\$865
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$45,805
11	Air Emission Fee	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$1,331,756
	Maintenance :	
13	SCR Maintenance (5120000)	\$10,130
14	Scrubber (FGD) Maintenance (5120000)	<u>\$178,798</u>
15	Total Maintenance (13) + (14)	\$188,928
16	1/2 Maintenance (15) * 50%	<u>\$94,464</u>
17	Fixed O&M (12) + (16)	<u>\$1,426,220</u>
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,919,401</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,919,401
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.82
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.69
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.69
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$268,755

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$842,315
5	Lime (5020001)	\$3,937,531
6	Urea (5020002)	\$978,133
7	Trona (5020003)	\$730,063
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$293,860
10	Air Emission Fee	\$34,947
11	Lease (5070005)	\$0
12	Total Operations (Lines 4 thru 10)	\$6,816,849
	Maintenance :	
13	SCR Maintenance (5120000)	\$85,614
14	Scrubber Maintenance (5120000)	\$902,928
15	Total Maintenance (12) + (13)	\$988,542
16	1/2 of Maintenance (13) * 50%	\$494,271
17	Fixed O&M (11) + (15)	\$7,311,120
	Total Revenue Requirement,	
18	Cost Associated with Gavin Plant (3) + (17)	\$20,519,957
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,519,957
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Gavin Plant (\$/kw)	\$2.43
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.04
	Gavin Plant Costs to Kentucky Power :	
25	Gavin Plant Portion (\$/kw) (23)	\$2.04
26	Kentucky Power Capacity Deficit (kw)	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 3)	\$794,580

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	(\$25,105)
5	Urea (5020002)	\$578,879
6	Trona (5020003)	\$39,990
7	Lime Stone (5020004)	\$791,911
8	Polymer (5020005)	\$1,406
9	Lime Hydrate (5020007)	\$4,821
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,404,030
	Maintenance :	
13	FDG (5120000)	\$53,576
14	SCR Maintenance (5120000)	<u>\$12,846</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$33,211</u>
16	Fixed O&M (9) + (12)	<u>\$1,437,241</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$17,097,616</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,097,616
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.02
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.70
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.70
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$662,150

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$913
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$35,474
	Maintenance :	
8	SCR Maintenance (5120000)	\$5,837
9	1/2 of Maintenance (8) * 50%	\$2,919
10	Fixed O&M (7) + (9)	\$38,393
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,527,211
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,527,211
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.18
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.15
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.15
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$58,425

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of January 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement,					
14	Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168	
15	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	65.08%	50.00%	
16	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$148,980	\$15,084	
17	Total Rockport Plant Common and Units 1 & 2					\$306,918
18	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
19	Rockport Plant (\$/kw) (14) / (15)					\$0.06
20	Kentucky Power Portion of Rockport Plant /					16.00%
21	Indiana Michigan Power Surplus Weighing					\$0.01
22	Portion of Weighted Average Capacity Rate					\$0.01
23	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
24	Rockport Plant Costs to Kentucky Power :					389,500
25	Rockport Plant Portion (\$/kw) (18)					\$0.01
26	Kentucky Power Capacity Deficit (kw)					\$0.01
27	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					389,500
28	(ES FORM 3.14, Page 1 of 10, Line 8)					\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of January 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of January 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 4/30/2010							
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%		3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%		0.00%	
3	ACCTS REC								
3	FINANCING	\$43,588,933	4.116%	1.22%		0.05%		0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5785	7.28%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%		10.70%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.0024%)						0.0024		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.8476		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6526		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.1950		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.5578		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9952		
10	AFTER-TAX PRODUCTION INCOME						57.5626		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.5626		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.0024		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.3522		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9952		
19	STATE (LINE 4)						5.6526		
20	BLENDED TAX RATE						36.6478		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5785		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.0024%)						0.0024		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.8476		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.2104		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6526		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of January 2011

LINE NO. (1)	COST COMPONENT (2)	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3	Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4	AEGCo Low NOx Burners (LNB) Installed Cost		(\$855,505)	(\$1,327,369)	(\$1,982,954)		(\$129,300)	
5	Fiyash Landfill Installed Cost		(\$153,512)	(\$589,059)	(\$924,803)		\$7,716	
6	Less Accumulated Depreciation		\$768,189	\$3,356,229	\$5,445,327		\$2,063,708	
7	Less Accum. Def. Income Taxes							
8	Total Rate Base	13.1997%						
9	Weighted Average Cost of Capital - ES FORM 3.21		1.1000%			1.1000%	1.1000%	
10	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$8,450			\$96,817	\$22,701	
11	Monthly Return of Rate Base (Line 6 * Line 8)		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
12	Operating Expenses :		\$15,625	\$0	\$0	\$0	\$0	
13	Monthly Depreciation Expense		\$20,837			\$39,968	\$6,410	
14	Monthly Indiana Air Emissions Fee							
15	Total Operating Expenses (Line 10 + Line 11)		\$29,287			\$136,785	\$29,111	
16	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$4,393			\$41,036	\$8,733	\$54,162
	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)							
	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
	Kentucky Power's Portion of Rockport Plants'							
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
	Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of January 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 1/31/2011							
1	L/T DEBT	77,297,336	46.8275%	4.9356%		2.3112%			2.3112%
2	S/T DEBT	(139,397)	-0.0844%	0.3417%		-0.0003%			-0.0003%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	4.9440%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	87,910,357	53.2569%	12.1600%	1/	6.4761%	1.681379	2/	10.8888%
6	TOTAL	165,068,296	100.0000%			8.7870%			13.1997%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of January 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$65,952,346	84.7%
2	FERC Wholesale Revenues	\$603,837	0.8%
3	Associated Utilities Revenues	\$5,085,114	6.5%
4	Non-Assoc. Utilities Revenues	\$6,199,202	8.0%
5	Total Revenues for Surcharges Purposes	\$77,840,499	100.0%
6	Non-Physical Revenues for Month	\$1,281,145	
7	Total Revenues for Month	\$79,121,644	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for November 2010	3.7735%
2	Kentucky Retail Revenues for Current Expense Month	\$63,734,888
3	Surcharge Collected (1) * (2)	\$2,405,036
4	Surcharge Amount To Be Collected	\$1,527,851
5	Over / (Under) Recovery (3) - (4) = (5)	\$877,185

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



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MAR 18 2011

**PUBLIC SERVICE
COMMISSION**

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

March 18, 2011

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of February 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after March 30, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of February 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$6,169,875
LINE 2	Brr from ES FORM 1.10	\$3,590,810
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,579,065
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	85.1%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$2,194,784
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$167,756)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,027,028
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$2,027,028
LINE 9	KY Retail R(m) from ES FORM 3.30	\$58,755,458
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.4499%

1/

Effective Date for Billing: April 2011

Submitted By : *Lila P. Murnsey*

Title : Manager Regulatory Services

Date Submitted : March 18, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of February 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of February 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$6,120,205
2	Second Component: Associated with Rockport Plant (((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)) ES FORM 3.20, Line 16		\$49,670
	Third Component: Net Proceeds from Emission Allowances Sales AS <ol style="list-style-type: none"> 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO_x Allowances Sales, received during Expense Month Total Net Proceeds from NO_x Allowances 	\$0 \$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$6,169,875

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of February 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$62,251,994)	
3	Less Accum. Def. Income Taxes	(\$41,101,585)	
4	Net Utility Plant		\$87,973,973
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$12,785,318
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$176,124
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$354,523
8	Total Rate Base		\$101,289,938
9	Weighted Average Cost of Capital - ES FORM 3.15	10.70%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$901,480
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,079,930
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$416,612
18	Monthly SO2 Emission Allowance Consumption		\$2,052,904
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$5,218,725</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$6,120,205

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of February 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$156,184	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	(14)	4,106	(\$188)	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	4,661		\$2,052,904		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	623,679	\$0	\$47,850,454	\$76.723
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,122,622		\$12,785,318	\$11.389
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06874

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of February 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	19,708	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,940		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of February 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$45,716	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	832	17,415	\$24,656	\$884,466	\$50.788
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		28,294		\$176,124	\$6.225

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of February 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$334,970	
3	Monthly SO2 Allowance Consumption	<u>\$2,052,904</u>	
4	Total 1997 Plan O&M Expenses		\$2,419,573
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$444,487	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$24,656	
9	Equipment - Associated Operating Expenses	\$6,372	
10	Equipment - Associated Maintenance Expenses	<u>(\$58,903)</u>	
11	Total 2003 Plan O&M Expenses		<u>\$416,612</u>
12	Total Monthly O&M Expenses		<u>\$2,836,185</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$354,523

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 February 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia Injection System	\$9,925.65	\$1,750.00	\$0.00	\$11,675.65
SCR Ammonia on Demand (AOD)	\$3,834.00	\$0.00	\$0.00	\$3,834.00
SCR Booster Fan	\$634.72	\$0.00	\$0.00	\$634.72
SCR NOx Monitoring	\$3,745.65	\$0.00	\$0.00	\$3,745.65
SCR Recycle Units Transfer Pump	\$382.96	\$0.00	\$0.00	\$382.96
Total SCR February 2011 O & M Expense	\$18,522.98	\$1,750.00	\$0.00	\$20,272.98
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$5,813.88
Emission Testing Required Under Permit -				
Operation	\$558.00	\$0.00	\$0.00	\$558.00
Maintenance	(\$79,176.24)	\$0.00	\$0.00	(\$79,176.24)
February 2011 O & M Expenses Filed				(\$52,531.38)

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of February 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$245,385		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$751,735		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$638,780		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$66,215		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,060,455	\$19,475	\$2,079,930

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of February 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$495,990		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$852,944		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,210,849		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$815,465		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$196,559		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$8,600,704	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.02	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.86	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$334,970	\$0	\$334,970

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	(\$57,476)
7	Urea (5020002)	\$487,917
8	Trona (5020003)	(\$118,370)
9	Lime Stone (5020004)	\$371,449
10	Steam Exp (5020025)	\$16
11	Air Emission Fee	\$10,292
12	Total Operations (Lines 6 thru 10)	\$693,828
	Maintenance :	
13	SCR Maintenance (5120000)	\$3
14	Scrubber (FGD) Maintenance (5120000)	\$100,237
15	Total Maintenance (12) + (13)	\$100,240
16	1/2 of Maintenance (14) * 50%	\$50,120
17	Fixed O&M (11) + (15)	\$743,948
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$495,990
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,721,938
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
26	Kentucky Power Capacity Deficit (kw)	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$338,865

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$96,803
5	Urea (5020002)	\$255,115
6	Trona (5020003)	(\$136,996)
7	Lime Stone (5020004)	\$501,038
8	Polymer (5020005)	\$4,870
9	Lime Hydrate (5020007)	\$2,296
10	Steam Exp (5020025)	\$43,720
11	Air Emission Fee	\$8,622
12	Total Operations (Line 4 thru 8)	\$775,468
	Maintenance :	
13	SCR Maintenance (5120000)	\$20,012
14	Scrubber (FGD) Maintenance (5120000)	\$134,939
15	Total Maintenance (13) + (14)	\$154,951
16	1/2 Maintenance (15) * 50%	\$77,476
17	Fixed O&M (12) + (16)	\$852,944
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,346,125
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,346,125
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.75
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.63
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.63
26	Kentucky Power Capacity Deficit (kw)	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$245,385

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$681,646
5	Lime (5020001)	\$3,952,538
6	Urea (5020002)	\$919,642
7	Trona (5020003)	(\$140,818)
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$373,477
10	Steam Exp (5020025)	\$6,660
11	Air Emission Fee	\$34,947
12	Lease (5070005)	\$0
13	Total Operations (Lines 4 thru 10)	\$5,828,092
	Maintenance :	
14	SCR Maintenance (5120000)	\$21,051
15	Scrubber Maintenance (5120000)	\$744,463
16	Total Maintenance (12) + (13)	\$765,514
17	1/2 of Maintenance (13) * 50%	\$382,757
18	Fixed O&M (11) + (15)	\$6,210,849
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$19,419,686
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,419,686
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.30
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.93
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$1.93
27	Kentucky Power Capacity Deficit (kw)	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$751,735

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	(\$62,084)
5	Urea (5020002)	\$343,368
6	Trona (5020003)	(\$146,808)
7	Lime Stone (5020004)	\$442,749
8	Polymer (5020005)	\$4,877
9	Lime Hydrate (5020007)	\$4,913
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$599,143
	Maintenance :	
13	FDG (5120000)	\$420,839
14	SCR Maintenance (5120000)	\$11,805
15	1/2 of Maintenance (10 + 11) * 50%	\$216,322
16	Fixed O&M (9) + (12)	\$815,465
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,475,840
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,475,840
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.95
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.64
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.64
25	Kentucky Power Capacity Deficit (kw)	389,500
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$638,780

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$159,477
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$194,038
	Maintenance :	
8	SCR Maintenance (5120000)	\$5,041
9	1/2 of Maintenance (8) * 50%	\$2,521
10	Fixed O&M (7) + (9)	\$196,559
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,685,377
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,685,377
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.17
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.17
19	Kentucky Power Capacity Deficit (kw)	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$66,215

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of February 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :					
4	Urea (5020002)	\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0	
6	Air Emission Fee	\$15,625	\$0	\$0	\$0	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
8	Maintenance :					
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
11	Total Revenue Requirement,					
11	Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168	
12	Indiana Michigan Power Company's Percentage Ownership	50%	85.00%	65.08%	50.00%	
13	I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant /					16.00%
17	Indiana Michigan Power Surplus Weighing					\$0.01
18	Portion of Weighted Average Capacity Rate					\$0.01
18	Attributed to Rockport Plant (\$/kw) (17) X (18)					389,500
19	Rockport Plant Costs to Kentucky Power :					\$0.01
19	Rockport Plant Portion (\$/kw) (18)					\$0.01
20	Kentucky Power Capacity Deficit (kw)					389,500
20	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					\$3,895
21	(ES FORM 3.14, Page 1 of 10, Line 8)					

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of February 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of February 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2010								
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5785	2/	7.28%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.70%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.0024%)						0.0024			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.8476			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6526			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.1950			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.5578			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9952			
10	AFTER-TAX PRODUCTION INCOME						57.5626			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.5626			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.0024			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.3522			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9952			
19	STATE (LINE 4)						5.6526			
20	BLENDED TAX RATE						36.6478			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5785			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.0024%)						0.0024			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.8476			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						94.2104			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6526			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of February 2011

LINE NO. (1)	COST COMPONENT (2)	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS) Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3	AEGCo Low NOx Burners (LNB) Installed Cost		(\$860,717)	(\$1,342,835)	(\$2,007,456)		(\$135,710)	
4	Flyash Landfill Installed Cost		(\$175,937)	(\$593,455)	(\$932,117)		\$1,103	
5	Less Accumulated Depreciation		\$740,552	\$3,336,367	\$5,413,511		\$2,050,685	
6	Less Accum. Def. Income Taxes							
7	Total Rate Base	11.6848%						
8	Weighted Average Cost of Capital - ES FORM 3.21		0.9737%				0.9737%	
9	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$7,211				\$19,968	
10	Monthly Return of Rate Base (Line 6 * Line 8)							
11	Operating Expenses :							
12	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502		\$6,410	
13	Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0		\$0	
14	Total Operating Expenses (Line 10 + Line 11)		\$20,837	\$0	\$0		\$6,410	
15	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$28,048				\$26,378	
16	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%) Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%) Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15) Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2		\$4,207				\$7,913	\$49,670

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of February 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 2/28/2011							
1	L/T DEBT	77,300,123	41.2297%	4.9355%		2.0349%			2.0349%
2	S/T DEBT	21,902,958	11.6824%	0.1923%		0.0225%			0.0225%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	3.8883%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	88,283,597	47.0879%	12.1600%	1/	5.7259%	1.681379	2/	9.6274%
6	TOTAL	187,486,678	100.0000%			7.7833%			11.6848%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of February 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$58,755,458	85.1%
2	FERC Wholesale Revenues	\$529,203	0.8%
3	Associated Utilities Revenues	\$4,720,801	6.8%
4	Non-Assoc. Utilities Revenues	\$5,024,766	7.3%
5	Total Revenues for Surcharges Purposes	\$69,030,228	100.0%
6	Non-Physical Revenues for Month	\$913,143	
7	Total Revenues for Month	\$69,943,371	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for December 2010	2.2077%
2	Kentucky Retail Revenues for Current Expense Month	\$63,704,398
3	Surcharge Collected (1) * (2)	\$1,406,402
4	Surcharge Amount To Be Collected	\$1,238,646
5	Over / (Under) Recovery (3) - (4) = (5)	\$167,756

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



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APR 19 2011

PUBLIC SERVICE
COMMISSION

April 19, 2011

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of March 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after April 29, 2011.

Please note on ES FORM 3.30, Over/(Under) Recovery Adjustment, Line 3 shows a surcharge collected for March of \$1,334, even though our Environmental Surcharge for January was -.2632%. The positive surcharge collected for March was a result of a surcharge billed for March of -\$115,627.12 plus accounts billed for February but received in March of \$105,433.11 plus \$11,528.05 billed for March 30 and 31 at the positive April surcharge rate, for a Net Billing for March of \$1,334.04.

If there are any questions please contact me at 502-696-7010.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of March 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$5,748,092
LINE 2	Brr from ES FORM 1.10	\$3,651,374 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,096,718
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	79.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,662,697
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$174,939)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,487,758
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,487,758
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,307,469
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.3578%

Effective Date for Billing: May 2011

Submitted By : Lela P. Mursey

Title : Manager Regulatory Services

Date Submitted : April 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	<u>\$44,185,079</u>

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of March 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10, Line 20		\$5,701,019
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20, Line 16		\$47,073
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO ₂ - EPA Auction Proceeds received during Expense Month 2) SO ₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO _x - ERC Sales Proceeds, received during Expense Month 2) NO _x - EPA Auction Proceeds, received during Expense Month 3) NO _x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,748,092

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of March 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$62,875,276)	
3	Less Accum. Def. Income Taxes	(\$40,883,440)	
4	Net Utility Plant		\$87,568,836
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$11,268,873
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$150,830
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$304,833
8	Total Rate Base		\$99,293,372
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$883,711
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,298
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,118,880
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$512,704
18	Monthly SO2 Emission Allowance Consumption		\$1,516,445
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,817,308
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,701,019

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	3,443		\$1,516,445		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	627,122	\$0	\$49,366,899	\$78.720
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,119,179		\$11,268,873	\$10.069
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06852

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transactions for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	19,708	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,940		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of March 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$45,716	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	867	18,282	\$25,294	\$909,760	\$49.763
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		27,427		\$150,830	\$5.499

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of March 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$377,815	
3	Monthly SO2 Allowance Consumption	<u>\$1,516,445</u>	
4	Total 1997 Plan O&M Expenses		\$1,925,959
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$346,559	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$25,294	
9	Equipment - Associated Operating Expenses	\$4,305	
10	Equipment - Associated Maintenance Expenses	<u>\$136,546</u>	
11	Total 2003 Plan O&M Expenses		<u>\$512,704</u>
12	Total Monthly O&M Expenses		<u>\$2,438,663</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$304,833

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 March 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$3,118.68	\$7,936.14	\$0.00	\$11,054.82
SCR Ammonia on Demand (AOD)	\$149.46	\$0.00	\$0.00	\$149.46
SCR Boiler Outlet Ductwork	\$84,347.69	\$606.05	\$0.00	\$84,953.74
SCR Reactor	\$0.00	\$2,749.13	\$0.00	\$2,749.13
SCR NOx Monitoring	\$1,583.50	\$0.00	\$0.00	\$1,583.50
SCR Urea Solution Feed Pump	\$4,858.00	\$291.48	\$0.00	\$5,149.48
Total SCR March 2011 O & M Expense	\$94,057.33	\$11,582.80	\$0.00	\$105,640.13
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$4,028.36
Emission Testing Required Under Permit -				
Operation	\$276.68	\$0.00	\$0.00	\$276.68
Maintenance	\$30,906.02	\$0.00	\$0.00	\$30,906.02
March 2011 O & M Expenses Filled				\$140,851.19

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of March 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$257,070		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$767,315		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$646,570		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,099,405	\$19,475	\$2,118,880

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of March 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$609,562		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,091,455		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,614,236		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,105,599		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$277,872		
7	Spom Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,727,621	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.15	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.97	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$377,815	\$0	\$377,815

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$4,189
7	Urea (5020002)	\$337,059
8	Trona (5020003)	\$128,101
9	Lime Stone (5020004)	\$302,808
10	Steam Exp (5020025)	\$81
11	Air Emission Fee	\$10,292
12	Total Operations (Lines 6 thru 10)	\$782,530
	Maintenance :	
13	SCR Maintenance (5120000)	\$24,635
14	Scrubber (FGD) Maintenance (5120000)	\$238,901
15	Total Maintenance (12) + (13)	\$263,536
16	1/2 of Maintenance (14) * 50%	\$131,768
17	Fixed O&M (11) + (15)	\$914,298
18	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$609,562
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,835,510
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.04
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
26	Kentucky Power Capacity Deficit (kw)	389,500
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$338,865

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$77,199
5	Urea (5020002)	\$251,463
6	Trona (5020003)	\$76,705
7	Lime Stone (5020004)	\$441,224
8	Polymer (5020005)	\$60,331
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$46,250
11	Air Emission Fee	\$8,622
12	Total Operations (Line 4 thru 8)	\$961,794
	Maintenance :	
13	SCR Maintenance (5120000)	\$9,943
14	Scrubber (FGD) Maintenance (5120000)	\$249,379
15	Total Maintenance (13) + (14)	\$259,322
16	1/2 Maintenance (15) * 50%	\$129,661
17	Fixed O&M (12) + (16)	\$1,091,455
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,584,636
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,584,636
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.78
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.66
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.66
26	Kentucky Power Capacity Deficit (kw)	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$257,070

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$734,555
5	Lime (5020001)	\$3,221,563
6	Urea (5020002)	\$1,160,823
7	Trona (5020003)	\$803,765
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$345,415
10	Steam Exp (5020025)	\$8,715
11	Air Emission Fee	\$34,947
12	Lease (5070005)	\$0
13	Total Operations (Lines 4 thru 10)	\$6,309,783
	Maintenance :	
14	SCR Maintenance (5120000)	\$8,182
15	Scrubber Maintenance (5120000)	\$600,723
16	Total Maintenance (12) + (13)	\$608,905
17	1/2 of Maintenance (13) * 50%	\$304,453
18	Fixed O&M (11) + (15)	\$6,614,236
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$19,823,073
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,823,073
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.34
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.97
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$1.97
27	Kentucky Power Capacity Deficit (kw)	389,500
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$767,315

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$31,924
5	Urea (5020002)	\$404,888
6	Trona (5020003)	\$30,176
7	Lime Stone (5020004)	\$483,039
8	Polymer (5020005)	\$1,343
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$963,498
	Maintenance :	
13	SCR Maintenance (5120000)	\$12,076
14	FDG (5120000)	\$272,125
15	1/2 of Maintenance (10 + 11) * 50%	\$142,101
16	Fixed O&M (9) + (12)	\$1,105,599
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$16,765,974
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,765,974
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.98
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.66
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.66
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$646,570

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$237,329
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$271,890
	Maintenance :	
8	SCR Maintenance (5120000)	\$11,963
9	1/2 of Maintenance (8) * 50%	<u>\$5,982</u>
10	Fixed O&M (7) + (9)	<u>\$277,872</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,766,690</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,766,690
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
11	Total Revenue Requirement, Cost Associated with Sporn Plant (3) + (10)	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of March 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	<u>1.37%</u> \$24,496	<u>1.37%</u> \$144,462	<u>1.37%</u> \$228,919	<u>1.37%</u> \$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
7	Air Emission Fee	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
11	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
12	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership &M's Share of Cost Associated with Rockport Plant (11) X (12)	\$40,121 <u>50%</u> \$20,061	\$144,462 <u>85.00%</u> \$122,793	\$228,919 <u>65.08%</u> \$148,980	\$30,168 <u>50.00%</u> \$15,084	\$306,918
14	Total Rockport Plant Common and Units 1 & 2					5,416,000
15	Indiana Michigan Power Company Steam Capacity (kw)					\$0.06
16	Rockport Plant (\$/kw) (14) / (15)					18.00%
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					\$0.01
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
19	Rockport Plant Costs to Kentucky Power :					389,500
20	Rockport Plant Portion (\$/kw) (18)					\$3,895
21	Rockport Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of March 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of March 2011

LINE NO.	Component	Balances As of 4/30/2010	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171			
10	AFTER-TAX PRODUCTION INCOME						57.4173			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4173			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9171			
19	STATE (LINE 4)						5.6384			
20	BLENDED TAX RATE						36.5555			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of March 2011

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS) Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3		AEGCo Low NOx Burners (LNB) Installed Cost		(\$865,929)	(\$1,358,301)	(\$2,031,958)		(\$142,120)	
4		Flyash Landfill Installed Cost		(\$174,114)	(\$588,042)	(\$923,542)		\$3,346	
5		Less Accumulated Depreciation		\$737,163	\$3,326,314	\$5,397,564	\$8,723,898	\$2,046,518	
6		Less Accum. Def. Income Taxes							
7		Total Rate Base	10.7851%						
8		Weighted Average Cost of Capital - ES FORM 3.21		0.8988%			0.8988%	0.8988%	
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,626			\$78,410	\$18,394	
10		Monthly Return of Rate Base (Line 6 * Line 8)							
11		Operating Expenses :							
12		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
13		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
14		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
15		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$27,463			\$118,378	\$24,804	
16		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,119			\$35,513	\$7,441	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants'							
		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on							
		ES FORM 3.00 Line 2							\$47,073

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of March 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 3/31/2011							
1	L/T DEBT	77,302,910	42.9763%	4.9353%		2.1210%			2.1210%
2	S/T DEBT	26,346,293	14.6471%	0.0000%		0.0000%			0.0000%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	3.6808%		0.0000%			0.0000%
5	DEBT								
5	C EQUITY	76,224,160	42.3766%	12.1600%	1/	5.1530%	1.681379	2/	8.6641%
6	TOTAL	179,873,363	100.0000%			7.2740%			10.7851%
<p>WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p>									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of March 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$44,307,469	79.3%
2	FERC Wholesale Revenues	\$459,737	0.8%
3	Associated Utilities Revenues	\$5,691,192	10.2%
4	Non-Assoc. Utilities Revenues	\$5,445,168	9.7%
5	Total Revenues for Surcharges Purposes	\$55,903,566	100.0%
6	Non-Physical Revenues for Month	\$632,852	
7	Total Revenues for Month	\$56,536,418	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for January 2010	-0.2632%
2	Kentucky Retail Revenues for Current Expense Month	(\$506,839)
3	Surcharge Collected (1) * (2)	\$1,334
4	Surcharge Amount To Be Collected	(\$173,605)
5	Over / (Under) Recovery (3) - (4) = (5)	\$174,939

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

May 20, 2011

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

RECEIVED

MAY 20 2011

PUBLIC SERVICE
COMMISSION

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of April 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after May 31, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of April 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$5,830,053
LINE 2	Brr from ES FORM 1.10	3,647,040 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$2,183,013
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.7%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,718,031
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$759,603
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$2,477,634
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$2,477,634
LINE 9	KY Retail R(m) from ES FORM 3.30	\$42,540,201
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	5.8242%

Effective Date for Billing: May 31, 2011

Submitted By : *Lila P. Mursey*

Title : Manager Regulatory Services

Date Submitted : May 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of April 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 -----

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of April 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$5,783,944
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$46,109
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,830,053

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of April 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$63,498,558)	
3	Less Accum. Def. Income Taxes	(\$40,665,290)	
4	Net Utility Plant		\$87,163,704
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$9,444,558
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$127,987
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$317,725
8	Total Rate Base		\$97,053,974
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$863,780
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,095,510
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$331,341
18	Monthly SO2 Emission Allowance Consumption		\$1,824,315
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,920,164
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,783,944

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	4,142		\$1,824,315		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	631,264	\$0	\$51,191,214	\$81.093
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,115,037		\$9,444,558	\$8.470
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06877

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	0	19,708	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,940		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of April 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$0	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	783	19,065	\$22,843	\$932,603	\$48.917
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		26,644		\$127,987	\$4.804

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of April 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$354,445	
3	Monthly SO2 Allowance Consumption	<u>\$1,824,315</u>	
4	Total 1997 Plan O&M Expenses		\$2,210,459
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$279,762	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$22,843	
9	Equipment - Associated Operating Expenses	\$465	
10	Equipment - Associated Maintenance Expenses	<u>\$28,271</u>	
11	Total 2003 Plan O&M Expenses		<u>\$331,341</u>
12	Total Monthly O&M Expenses		<u>\$2,541,800</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$317,725

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 April 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$1,846.08	\$787.47	\$0.00	\$2,633.55
SCR Boiler Outlet Ductwork	\$0.00	\$215.84	\$0.00	\$215.84
SCR Reactor	\$0.00	\$84.15	\$0.00	\$84.15
SCR NOx Monitoring	\$2,367.75	\$0.00	\$0.00	\$2,367.75
SCR Boiler Acoustic Horn	\$3,714.52	\$0.00	\$0.00	\$3,714.52
Total SCR March 2011 O & M Expense	\$7,928.35	\$1,087.46	\$0.00	\$9,015.81
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$465.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$17,094.42	\$2,160.95	\$0.00	\$19,255.37
April 2011 O & M Expenses Filed				\$28,736.18

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of April 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$342,760		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$740,050		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$642,875		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,076,035	\$19,475	\$2,095,510

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of April 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$632,234		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,284,406		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$5,870,239		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$996,917		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$328,475		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$9,141,168	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.08	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.91	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$354,445	\$0	\$354,445

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$8,193
7	Urea (5020002)	\$364,147
8	Trona (5020003)	\$137,030
9	Lime Stone (5020004)	\$283,759
10	Steam Exp (5020025)	(\$91)
11	Air Emission Fee	<u>\$10,292</u>
12	Total Operations (Lines 6 thru 10)	\$803,330
	Maintenance :	
13	SCR Maintenance (5120000)	\$7,983
14	Scrubber (FGD) Maintenance (5120000)	<u>\$281,963</u>
15	Total Maintenance (12) + (13)	<u>\$289,946</u>
16	1/2 of Maintenance (14) * 50%	<u>\$144,973</u>
17	Fixed O&M (11) + (15)	\$948,303
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$632,234</u>
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,858,182
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.88
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.88
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$342,760

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$108,945
5	Urea (5020002)	\$308,511
6	Trona (5020003)	\$169,122
7	Lime Stone (5020004)	\$504,699
8	Polymer (5020005)	(\$12,167)
9	Lime Hydrate (5020007)	\$4,505
10	Steam Exp (5020025)	\$54,388
11	Air Emission Fee	<u>\$8,622</u>
12	Total Operations (Line 4 thru 8)	\$1,146,625
	Maintenance :	
13	SCR Maintenance (5120000)	\$20,170
14	Scrubber (FGD) Maintenance (5120000)	<u>\$255,391</u>
15	Total Maintenance (13) + (14)	\$275,561
16	1/2 Maintenance (15) * 50%	<u>\$137,781</u>
17	Fixed O&M (12) + (16)	<u>\$1,284,406</u>
18	Total Revenue Requirement, Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,777,587</u>
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,777,587
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.80
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.67
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
27	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$260,965

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$659,892
5	Lime (5020001)	\$3,132,975
6	Urea (5020002)	\$841,636
7	Trona (5020003)	\$582,621
8	Lime Stone (5020004)	\$0
9	Polymer (5020005)	\$313,470
10	Steam Exp (5020025)	\$6,455
11	Air Emission Fee	\$34,947
12	Lease (5070005)	<u>\$0</u>
13	Total Operations (Lines 4 thru 10)	\$5,571,996
	Maintenance :	
14	SCR Maintenance (5120000)	\$80,756
15	Scrubber Maintenance (5120000)	<u>\$515,730</u>
16	Total Maintenance (12) + (13)	\$596,486
17	1/2 of Maintenance (13) * 50%	<u>\$298,243</u>
18	Fixed O&M (11) + (15)	<u>\$5,870,239</u>
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$19,079,076
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,079,076
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.26
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.90
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$1.90
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$740,050

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	(\$18,726)
5	Urea (5020002)	\$323,525
6	Trona (5020003)	\$55,744
7	Lime Stone (5020004)	\$449,681
8	Polymer (5020005)	\$1,345
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$823,697
	Maintenance :	
13	SCR Maintenance (5120000)	\$2,495
14	FDG (5120000)	<u>\$343,945</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$173,220</u>
16	Fixed O&M (9) + (12)	<u>\$996,917</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,657,292</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,657,292
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.97
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.65
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.65
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$642,675

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$292,815
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$327,376
	Maintenance :	
8	SCR Maintenance (5120000)	\$2,198
9	1/2 of Maintenance (8) * 50%	<u>\$1,099</u>
10	Fixed O&M (7) + (9)	<u>\$328,475</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,817,293</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,817,293
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	<u>\$13,207</u>
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of April 2011

LINE NO.	COST (2)	Rockport Plant Common (3)	UNIT 1 AMOUNTS (4)	UNIT 2 AMOUNTS (5)	Rockport Plant Common (6)	Total (7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	65.08%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$20,061	\$122,793	\$148,980	\$15,084	\$306,918
16	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
17	Rockport Plant (\$/kw) (14) / (15)					\$0.06
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate					16.00%
19	Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
20	Rockport Plant Costs to Kentucky Power : Rockport Plant Portion (\$/kw) (18)					\$0.01
21	Kentucky Power Capacity Deficit (kw)					389,500
	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of April 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of April 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 4/30/2010							
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%		3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%		0.00%	
3	ACCTS REC								
3	FINANCING	\$43,588,933	4.116%	1.22%		0.05%		0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%		10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171		
10	AFTER-TAX PRODUCTION INCOME						57.4173		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4173		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9171		
19	STATE (LINE 4)						5.6384		
20	BLENDED TAX RATE						36.5555		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of April 2011

LINE NO.	COST COMPONENT	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3	Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4	AEGCo Low NOx Burners (LNB) Installed Cost		(\$871,141)	(\$1,373,767)	(\$2,056,460)		(\$148,530)	
5	Fiyash Landfill Installed Cost		(\$172,289)	(\$582,629)	(\$914,966)		\$5,550	
6	Less Accumulated Depreciation		\$733,776	\$3,316,261	\$5,381,658		\$2,042,352	
7	Total Rate Base	10.4692%						
8	Weighted Average Cost of Capital - ES FORM 3.21		0.8724%			0.8724%	0.8724%	
9	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,401			\$75,881	\$17,817	
10	Monthly Return of Rate Base (Line 6 * Line 8)							
11	Operating Expenses :							
12	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
13	Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
14	Total Operating Expenses (Line 10 + Line 11)		\$20,837	\$0	\$0	\$39,968	\$6,410	
15	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$27,238			\$115,849	\$24,227	
16	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,086			\$34,755	\$7,268	
	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
	Kentucky Power's Portion of Rockport Plants'							
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
	Note: Cost in Column 8, Line 16 is to be Recorded on							
	ES FORM 3.00 Line 2							\$46,109

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of April 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 4/30/2011							
1	L/T DEBT	76,892,474	40.9838%	4.9276%		2.0195%			2.0195%
2	S/T DEBT	33,190,618	17.6906%	0.0022%		0.0004%			0.0004%
3	CAPITALIZATION OFFSETS	0	0.0000%	3.4426%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	77,533,739	41.3256%	12.1600%	1/	5.0252%	1.681379	2/	8.4493%
6	TOTAL	187,616,831	100.0000%			7.0451%			10.4692%
		=====	=====			=====			=====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation: 1 OPERATING REVENUE 100.00 2 LESS: INDIANA ADJUSTED GROSS INCOME 3 (LINE 1 X .085) 8.500 4 INCOME BEFORE FED INC TAX 91.500 5 LESS: FEDERAL INCOME TAX 6 (LINE 4 X .35) 32.025 7 OPERATING INCOME PERCENTAGE 59.475 8 GROSS REVENUE CONVERSION 9 FACTOR (100% / LINE 7) 1.681379									

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of April 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$42,540,201	78.7%
2	FERC Wholesale Revenues	\$427,836	0.8%
3	Associated Utilities Revenues	\$4,530,299	8.4%
4	Non-Assoc. Utilities Revenues	\$6,578,375	12.1%
5	Total Revenues for Surcharges Purposes	\$54,076,711	100.0%
6	Non-Physical Revenues for Month	\$661,356	
7	Total Revenues for Month	\$54,738,067	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for February 2010	3.4499%
2	Kentucky Retail Revenues for Current Expense Month	\$36,738,021
3	Surcharge Collected (1) * (2)	\$1,267,425
4	Surcharge Amount To Be Collected	\$2,027,028
5	Over / (Under) Recovery (3) - (4) = (5)	(\$759,603)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

RECEIVED

JUN 17 2011

**PUBLIC SERVICE
COMMISSION**

June 17, 2011

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of May 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after June 29, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of May 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$5,705,345
LINE 2	Brr from ES FORM 1.10	3,922,590 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,782,755
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	77.6%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,383,418
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$179,377
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,562,795
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,562,795
LINE 9	KY Retail R(m) from ES FORM 3.30	\$40,424,987
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	3.8659%

Effective Date for Billing: June 29, 2011

Submitted By : *Lila P. Mursey*

Title : Manager Regulatory Services

Date Submitted : June 17, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of May 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$5,656,761
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$48,584
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0 \$0	\$0 \$0 \$0 \$0 \$0
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,705,345

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of May 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$64,121,840)	
3	Less Accum. Def. Income Taxes	(\$40,447,142)	
4	Net Utility Plant		\$86,758,570
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$7,671,775
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$108,236
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$303,314
8	Total Rate Base		\$94,841,895
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$844,093
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,005,925
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$364,962
18	Monthly SO2 Emission Allowance Consumption		\$1,772,783
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,812,668
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,656,761

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	4,025		\$1,772,783		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	0	635,289	\$0	\$52,963,997	\$83.370
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,111,012		\$7,671,775	\$6.905
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06877

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	677	20,385	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		13,263		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of May 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$0	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	677	19,742	\$19,751	\$952,354	\$48.240
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		25,967		\$108,236	\$4.168

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of May 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$257,070	
3	Monthly SO2 Allowance Consumption	<u>\$1,772,783</u>	
4	Total 1997 Plan O&M Expenses		\$2,061,552
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$335,186	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$19,751	
9	Equipment - Associated Operating Expenses	\$288	
10	Equipment - Associated Maintenance Expenses	<u>\$9,737</u>	
11	Total 2003 Plan O&M Expenses		<u>\$364,962</u>
12	Total Monthly O&M Expenses		<u>\$2,426,514</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$303,314

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 May 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	(\$912.71)	\$595.31	\$0.00	(\$317.40)
SCR Boiler Outlet Ductwork	\$0.00	\$8,812.62	\$0.00	\$8,812.62
SCR Reactor	\$0.00	\$221.71	\$0.00	\$221.71
SCR Booster Fan	\$99.04	\$0.00	\$0.00	\$99.04
Total SCR May 2011 O & M Expense	(\$813.67)	\$9,629.64	\$0.00	\$8,815.97
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$288.21
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$308.81	\$612.24	\$0.00	\$921.05
May 2011 O & M Expenses Filed				\$10,025.23

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of May 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$338,865		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$233,700		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$681,625		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$642,675		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,986,450	\$19,475	\$2,005,925

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of May 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$472,899		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$481,277		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$4,365,525		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$993,264		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$318,655		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$6,660,517	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$0.79	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.66	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$257,070	\$0	\$257,070

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$5,182
7	Urea (5020002)	\$227,767
8	Trona (5020003)	\$119,193
9	Lime Stone (5020004)	\$209,268
10	Steam Exp (5020025)	\$16
11	Air Emission Fee	<u>\$10,292</u>
12	Total Operations (Lines 6 thru 10)	\$571,718
	Maintenance :	
13	SCR Maintenance (5120000)	\$21,147
14	Scrubber (FGD) Maintenance (5120000)	<u>\$254,042</u>
15	Total Maintenance (12) + (13)	<u>\$275,189</u>
16	1/2 of Maintenance (14) * 50%	<u>\$137,595</u>
17	Fixed O&M (11) + (15)	\$709,313
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$472,899</u>
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,698,847
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.03
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.87
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.87
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$338,865

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	(\$175,679)
5	Urea (5020002)	\$199,680
6	Trona (5020003)	\$74,220
7	Lime Stone (5020004)	\$224,616
8	Polymer (5020005)	\$4,240
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$60,699
11	Air Emission Fee	\$8,622
12	Total Operations (Line 4 thru 8)	\$396,398
	Maintenance :	
13	SCR Maintenance (5120000)	\$3,826
14	Scrubber (FGD) Maintenance (5120000)	\$165,931
15	Total Maintenance (13) + (14)	\$169,757
16	1/2 Maintenance (15) * 50%	\$84,879
17	Fixed O&M (12) + (16)	\$481,277
	Total Revenue Requirement,	
18	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$5,974,458
19	Ohio Power Company's Percentage Ownership	100.00%
20	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,974,458
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Cardinal Unit No. 1 (\$/kw)	\$0.71
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.60
	Cardinal Unit No. 1 Costs to Kentucky Power :	
25	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.60
26	Kentucky Power Capacity Deficit (kw)	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
27	(ES FORM 3.14, Page 1 of 10, Line 2)	\$233,700

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$799,911
5	Lime (5020001)	\$1,819,574
6	Urea (5020002)	\$503,998
7	Trona (5020003)	\$293,505
8	Lime Stone (5020004)	\$213
9	Polymer (5020005)	\$293,228
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$34,947
12	Lease (5070005)	<u>\$0</u>
13	Total Operations (Lines 4 thru 10)	\$3,745,376
	Maintenance :	
14	SCR Maintenance (5120000)	\$127,564
15	Scrubber Maintenance (5120000)	<u>\$1,112,733</u>
16	Total Maintenance (12) + (13)	\$1,240,297
17	1/2 of Maintenance (13) * 50%	<u>\$620,149</u>
18	Fixed O&M (11) + (15)	<u>\$4,365,525</u>
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$17,574,362
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$17,574,362
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.08
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.75
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$1.75
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$681,625

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,690</u>
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$37,772
5	Urea (5020002)	\$278,570
6	Trona (5020003)	\$59,435
7	Lime Stone (5020004)	\$361,973
8	Polymer (5020005)	\$394
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$750,272
	Maintenance :	
13	SCR Maintenance (5120000)	\$1,397
14	FDG (5120000)	<u>\$484,587</u>
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$242,992</u>
16	Fixed O&M (9) + (12)	<u>\$993,264</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,653,639</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,653,639
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$1.97
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.65
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.65
25	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$642,675

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$282,970
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$317,531
	Maintenance :	
8	SCR Maintenance (5120000)	\$2,247
9	1/2 of Maintenance (8) * 50%	<u>\$1,124</u>
10	Fixed O&M (7) + (9)	<u>\$318,655</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,807,473</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,807,473
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of May 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$15,625	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$0	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	65.08%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$20,061	\$122,793	\$148,980	\$15,084	\$306,918
16	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
17	Rockport Plant (\$/kw) (14) / (15)					\$0.06
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power : Rockport Plant Portion (\$/kw) (18)					\$0.01
20	Kentucky Power Capacity Deficit (kw)					\$0.01
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					389,500
						\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of May 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of May 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
		As of 4/30/2010							
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%
	ACCTS REC								
3	FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171		
10	AFTER-TAX PRODUCTION INCOME						57.4173		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4173		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9171		
19	STATE (LINE 4)						5.6384		
20	BLENDED TAX RATE						36.5555		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of May 2011

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4		AEGCo Low NOx Burners (LNB) Installed Cost			(\$1,389,233)	(\$2,080,962)		(\$154,940)	
5		Fiyash Landfill Installed Cost			(\$577,216)	(\$906,391)		\$7,833	
6		Less Accumulated Depreciation							
7		Less Accum. Def. Income Taxes							
8		Total Rate Base	11.3925%	\$730,389	\$3,306,208	\$5,365,731	\$8,671,939	\$2,038,185	
9		Weighted Average Cost of Capital - ES FORM 3.21		0.9494%			0.9494%	0.9494%	
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,934			\$82,331	\$19,351	
11		Monthly Return of Rate Base (Line 6 * Line 8)							
12		Operating Expenses :							
13		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
14		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
15		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$27,771			\$122,299	\$25,761	
		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,166			\$36,690	\$7,728	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							\$48,584

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of May 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 5/31/2011							
1	L/T DEBT	76,895,261	45.9948%	4.9274%		2.2664%			2.2664%
2	S/T DEBT	15,665,983	9.3706%	0.0021%		0.0002%			0.0002%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	4.0939%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	74,621,431	44.6346%	12.1600%	1/	5.4276%	1.681379	2/	9.1259%
6	TOTAL	167,182,675	100.0000%			7.6942%			11.3925%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of May 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$40,424,987	77.6%
2	FERC Wholesale Revenues	\$784,420	1.5%
3	Associated Utilities Revenues	\$6,373,043	12.2%
4	Non-Assoc. Utilities Revenues	\$4,536,768	8.7%
5	Total Revenues for Surcharges Purposes	\$52,119,218	100.0%
6	Non-Physical Revenues for Month	\$721,634	
7	Total Revenues for Month	\$52,840,852	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for March 2010	3.3578%
2	Kentucky Retail Revenues for Current Expense Month	\$38,965,424
3	Surcharge Collected (1) * (2)	\$1,308,381
4	Surcharge Amount To Be Collected	\$1,487,758
5	Over / (Under) Recovery (3) - (4) = (5)	(\$179,377)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

July 19, 2011

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of June 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after July 29, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

RECEIVED

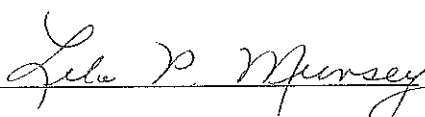
JUL 19 2011

PUBLIC SERVICE
COMMISSION

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of June 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$5,508,388
LINE 2	Brr from ES FORM 1.10	3,627,274 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$1,881,114
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	72.7%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$1,367,570
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$7,110
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$1,374,680
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$1,374,680
LINE 9	KY Retail R(m) from ES FORM 3.30	\$46,953,714
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	2.9277%

Effective Date for Billing: July 29, 2011

Submitted By : 

Title : Manager Regulatory Services

Date Submitted : July 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of June 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$5,460,286
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$48,102
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$5,508,388

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of June 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$64,745,122)	
3	Less Accum. Def. Income Taxes	(\$40,228,991)	
4	Net Utility Plant		\$86,353,439
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$6,322,016
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$84,138
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$281,245
8	Total Rate Base		\$93,040,838
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$828,063
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,146,145
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$467,322
18	Monthly SO2 Emission Allowance Consumption		\$1,349,758
19	Total Operating Expenses [Line 12 thru Line 18]		\$4,632,223
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$5,460,286

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of June 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	0	439,224	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance					
Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance					
Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	2,894		\$1,274,642		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	3,856	642,039	\$75,116	\$54,313,756	\$84.596
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,104,262		\$6,322,016	\$5.725
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06877

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of June 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	827	21,212	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		12,436		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of June 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$0	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	826	20,568	\$24,098	\$976,452	\$47.474
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		25,141		\$84,138	\$3.347

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of June 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$401,185	
3	Monthly SO2 Allowance Consumption	<u>\$1,349,758</u>	
4	Total 1997 Plan O&M Expenses		\$1,782,642
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$422,964	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$24,098	
9	Equipment - Associated Operating Expenses	\$1,077	
10	Equipment - Associated Maintenance Expenses	<u>\$19,182</u>	
11	Total 2003 Plan O&M Expenses		<u>\$467,322</u>
12	Total Monthly O&M Expenses		<u>\$2,249,964</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$281,245

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 June 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$159.48	\$0.00	\$0.00	\$159.48
Boiler Acoustic Horns	\$234.15	\$0.00	\$0.00	\$234.15
Hydrolyzer	\$0.00	\$850.00	\$0.00	\$850.00
SCR Ammonia on Demand (AOD)	\$3,427.95	\$0.00	\$0.00	\$3,427.95
SCR Booster Fan	\$99.04	\$0.00	\$0.00	\$99.04
SCR NOX Monitoring	\$373.13	\$1,490.36	\$0.00	\$1,863.49
Urea Conveyor	\$834.30	\$387.60	\$0.00	\$1,221.90
Total SCR June 2011 O & M Expense	\$5,128.05	\$2,727.96	\$0.00	\$7,856.01
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$1,077.20
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$9,406.61	\$1,919.79	\$0.00	\$11,326.40
June 2011 O & M Expenses Filed				\$20,259.61

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of June 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$350,550		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$276,545		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$747,840		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$662,150		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,126,670	\$19,475	\$2,146,145

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of June 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$831,976		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,735,241		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,113,570		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,411,720		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$317,065		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$10,438,469	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.23	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.03	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$401,185	\$0	\$401,185

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$307,752
7	Urea (5020002)	\$262,602
8	Trona (5020003)	\$159,928
9	Lime Stone (5020004)	\$377,596
10	Steam Exp (5020025)	(\$45)
11	Air Emission Fee	<u>\$10,292</u>
12	Total Operations (Lines 6 thru 10)	\$1,118,125
	Maintenance :	
13	SCR Maintenance (5120000)	\$28,716
14	Scrubber (FGD) Maintenance (5120000)	<u>\$230,837</u>
15	Total Maintenance (12) + (13)	<u>\$259,553</u>
16	1/2 of Maintenance (14) * 50%	<u>\$129,777</u>
17	Fixed O&M (11) + (15)	\$1,247,902
18	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
19	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$831,976</u>
	Total Revenue Requirement,	
20	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,057,924
21	Ohio Power Company Steam Capacity (kw)	8,458,000
22	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.07
23	Ohio Power Surplus Weighing	84.00%
24	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.90
	Amos Unit No. 3 Costs to Kentucky Power :	
25	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.90
26	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
27	(ES FORM 3.14, Page 1 of 10, Line 1)	\$350,550

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$63,820
5	Lime (5020001)	\$0
6	Urea (5020002)	\$387,335
7	Trona (5020003)	\$198,244
8	Lime Stone (5020004)	\$931,572
9	Polymer (5020005)	\$5,453
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	\$70,273
12	Air Emission Fee	<u>\$8,622</u>
13	Total Operations (Line 4 thru 8)	\$1,665,319
	Maintenance :	
14	SCR Maintenance (5120000)	\$13,769
15	Scrubber (FGD) Maintenance (5120000)	<u>\$126,074</u>
16	Total Maintenance (13) + (14)	\$139,843
17	1/2 Maintenance (15) * 50%	<u>\$69,922</u>
18	Fixed O&M (12) + (16)	\$1,735,241
	Total Revenue Requirement,	
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$7,228,422</u>
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$7,228,422
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.85
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.71
	Cardinal Unit No. 1 Costs to Kentucky Power :	
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.71
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$276,545

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$759,648
5	Lime (5020001)	\$3,408,039
6	Urea (5020002)	\$841,323
7	Trona (5020003)	\$384,709
8	Lime Stone (5020004)	\$456
9	Polymer (5020005)	\$160,279
10	Steam Exp (5020025)	\$11,697
11	Air Emission Fee	\$34,947
12	Lease (5070005)	<u>\$0</u>
13	Total Operations (Lines 4 thru 10)	\$5,601,098
	Maintenance :	
14	SCR Maintenance (5120000)	\$135,777
15	Scrubber Maintenance (5120000)	<u>\$889,166</u>
16	Total Maintenance (12) + (13)	\$1,024,943
17	1/2 of Maintenance (13) * 50%	<u>\$512,472</u>
18	Fixed O&M (11) + (15)	<u>\$6,113,570</u>
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$19,322,407
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,322,407
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.28
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$1.92
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$1.92
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$747,840

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$78,042
5	Urea (5020002)	\$497,952
6	Trona (5020003)	\$102,868
7	Lime Stone (5020004)	\$663,842
8	Polymer (5020005)	\$1,157
9	Lime Hydrate (5020007)	\$4,838
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,360,827
	Maintenance :	
13	SCR Maintenance (5120000)	\$1,342
14	FDG (5120000)	\$100,444
15	1/2 of Maintenance (10 + 11) * 50%	\$50,893
16	Fixed O&M (9) + (12)	\$1,411,720
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,072,095
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,072,095
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.02
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.70
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.70
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$662,150

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$273,129
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$307,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$18,750
9	1/2 of Maintenance (8) * 50%	\$9,375
10	Fixed O&M (7) + (9)	\$317,065
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,805,883
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,805,883
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of June 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	1.37%	1.37%	1.37%	1.37%	
4	Operations :	\$24,496	\$144,462	\$228,919	\$30,168	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	50%	85.00%	65.08%	50.00%	
15	Total Rockport Plant Common and Units 1 & 2	\$20,061	\$122,793	\$148,980	\$15,084	\$306,918
16	Indiana Michigan Power Company Steam Capacity (kw) Rockport Plant (\$/kw) (14) / (15)					5,416,000
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighting					\$0.06
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18) Kentucky Power Capacity Deficit (kw)					\$0.01
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					<u>389,500</u>
						\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of June 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of June 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2010								
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171			
10	AFTER-TAX PRODUCTION INCOME						57.4173			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4173			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9171			
19	STATE (LINE 4)						5.6384			
20	BLENDED TAX RATE						36.5555			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of June 2011

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
3		Utility Plant at Original Cost							
4		AEGCo Low NOx Burners (LNB) Installed Cost							
5		Flyash Landfill Installed Cost							
6		Less Accumulated Depreciation							
7		Less Accum. Def. Income Taxes							
8		Total Rate Base		\$727,002	\$3,296,156	\$5,349,806	\$8,645,962	\$2,034,019	
9		Weighted Average Cost of Capital - ES FORM 3.21	11.2509%						
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.9376%			0.9376%	0.9376%	
11		Monthly Return of Rate Base (Line 6 * Line 8)		\$6,816			\$81,065	\$19,071	
12		Operating Expenses :							
13		Monthly Depreciation Expense							
14		Monthly Indiana Air Emissions Fee		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
15		Total Operating Expenses (Line 10 + Line 11)		\$15,625	\$0	\$0	\$0	\$0	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$20,837			\$39,968	\$6,410	
17		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$27,653			\$121,033	\$25,481	
18		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$4,148					
19		Kentucky Power's Portion of Rockport Plants' Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
20		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							
21									\$48,102

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of June 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 6/30/2011							
1	L/T DEBT	76,898,048	45.2451%	4.9273%		2.2293%			2.2293%
2	S/T DEBT	18,439,322	10.8493%	0.4141%		0.0449%			0.0449%
3	CAPITALIZATION OFFSETS	0	0.0000%	4.0544%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	74,621,431	43.9056%	12.1600%	1/	5.3389%	1.681379	2/	8.9767%
6	TOTAL	169,958,801	100.0000%			7.6131%			11.2509%

WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation: 1 OPERATING REVENUE 2 LESS: INDIANA ADJUSTED GROSS INCOME 3 (LINE 1 X .085) 4 INCOME BEFORE FED INC TAX 5 LESS: FEDERAL INCOME TAX 6 (LINE 4 X .35) 7 OPERATING INCOME PERCENTAGE 8 GROSS REVENUE CONVERSION 9 FACTOR (100% / LINE 7)							100.00					
							8.500					
							91.500					
							32.025					
							59.475					
							1.681379					

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of June 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$46,953,714	72.7%
2	FERC Wholesale Revenues	\$462,091	0.8%
3	Associated Utilities Revenues	\$6,987,065	10.8%
4	Non-Assoc. Utilities Revenues	\$10,149,681	15.7%
5	Total Revenues for Surcharges Purposes	\$64,552,551	100.0%
6	Non-Physical Revenues for Month	\$681,485	
7	Total Revenues for Month	\$65,234,036	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for April 2010	5.8242%
2	Kentucky Retail Revenues for Current Expense Month	\$42,418,255
3	Surcharge Collected (1) * (2)	\$2,470,524
4	Surcharge Amount To Be Collected	\$2,477,634
5	Over / (Under) Recovery (3) - (4) = (5)	(\$7,110)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

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AUG 19 2011

PUBLIC
COMMISSION

August 19, 2011

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of July 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after August 29, 2011.

If there are any questions please contact me at 502-696-7010.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of July 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,372,798
LINE 2	Brr from ES FORM 1.10	3,805,325 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$567,473
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	68.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$387,584
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$235,309)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$152,275
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$152,275
LINE 9	KY Retail R(m) from ES FORM 3.30	\$46,534,433
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.3272%

Effective Date for Billing: August 29, 2011

Submitted By : Sula P. Munsey, Jr.

Title : Manager Regulatory Services

Date Submitted : August 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of July 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$4,329,100
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$43,698
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,372,798

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of July 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$65,368,404)	
3	Less Accum. Def. Income Taxes	(\$40,010,845)	
4	Net Utility Plant		\$85,948,303
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$6,114,901
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$56,247
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$140,229
8	Total Rate Base		\$92,259,680
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$821,111
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,185,095
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$446,781
18	Monthly SO2 Emission Allowance Consumption		\$207,115
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,507,989
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,329,100

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	34,945	474,169	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	0		\$0		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	10,632	652,671	\$207,115	\$54,520,871	\$83.535
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,128,575		\$6,114,901	\$5.418
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06877

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	957	22,169	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		11,479		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of July 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$0	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	956	21,524	\$27,891	\$1,004,343	\$46.662
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		24,185		\$56,247	\$2.326

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of July 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$436,240	
3	Monthly SO2 Allowance Consumption	<u>\$207,115</u>	
4	Total 1997 Plan O&M Expenses		\$675,054
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$401,099	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$27,891	
9	Equipment - Associated Operating Expenses	\$3,762	
10	Equipment - Associated Maintenance Expenses	<u>\$14,029</u>	
11	Total 2003 Plan O&M Expenses		<u>\$446,781</u>
12	Total Monthly O&M Expenses		<u>\$1,121,835</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$140,229

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 July 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$1,912.70	\$1,029.60	\$0.00	\$2,942.30
Boiler Acoustic Horns	(\$4,960.07)	\$307.40	\$0.00	(\$4,652.67)
Hydrolyzer	\$92.44	\$0.00	\$0.00	\$92.44
SCR Booster Fan	(\$2,734.80)	\$0.00	\$0.00	(\$2,734.80)
SCR NOX Monitoring	\$823.62	\$0.00	\$0.00	\$823.62
Urea Solution Feed Pump	\$328.04	\$387.60	\$0.00	\$715.64
Total SCR July 2011 O & M Expense	(\$4,538.07)	\$1,724.60	\$0.00	(\$2,813.47)
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$3,761.58
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$15,663.57	\$1,179.28	\$0.00	\$16,842.85
July 2011 O & M Expenses Filed				\$17,790.96

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of July 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$354,445		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$272,650		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$782,895		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$666,045		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,165,620	\$19,475	\$2,185,095

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of July 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$915,890		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,499,609		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$7,007,337		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,469,857		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$322,181		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$11,243,771	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.33	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.12	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$436,240	\$0	\$436,240

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	100.00%
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$78,781
7	Urea (5020002)	\$499,772
8	Trona (5020003)	\$232,454
9	Lime Stone (5020004)	\$343,369
10	Lime Hydrate (5020007)	\$3,249
11	Steam Exp (5020025)	(\$49)
12	Air Emission Fee	\$10,292
13	Total Operations (Lines 6 thru 10)	\$1,167,868
	Maintenance :	
14	SCR Maintenance (5120000)	\$22,148
15	Scrubber (FGD) Maintenance (5120000)	\$389,649
16	Total Maintenance (12) + (13)	\$411,797
17	1/2 of Maintenance (14) * 50%	\$205,899
18	Fixed O&M (11) + (15)	\$1,373,767
19	Ohio Power Company's Percentage Ownership - O&M Cost	66.67%
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	\$915,890
	Total Revenue Requirement,	
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,141,838
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.08
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.91
	Amos Unit No. 3 Costs to Kentucky Power :	
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.91
27	Kentucky Power Capacity Deficit (kw)	389,500
28	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 1)	\$354,445

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$94,988
5	Lime (5020001)	\$0
6	Urea (5020002)	\$402,486
7	Trona (5020003)	\$233,037
8	Lime Stone (5020004)	\$654,052
9	Polymer (5020005)	\$2,689
10	Lime Hydrate (5020007)	\$2,862
11	Steam Exp (5020025)	\$56,867
12	Air Emission Fee	<u>\$8,622</u>
13	Total Operations (Line 4 thru 8)	\$1,455,603
	Maintenance :	
14	SCR Maintenance (5120000)	\$3,532
15	Scrubber (FGD) Maintenance (5120000)	<u>\$84,479</u>
16	Total Maintenance (13) + (14)	\$88,011
17	1/2 Maintenance (15) * 50%	<u>\$44,006</u>
18	Fixed O&M (12) + (16)	<u>\$1,499,609</u>
	Total Revenue Requirement,	
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$6,992,790</u>
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,992,790
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.83
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.70
	Cardinal Unit No. 1 Costs to Kentucky Power :	
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.70
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$272,650

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$947,838
5	Lime (5020001)	\$3,831,612
6	Urea (5020002)	\$1,032,739
7	Trona (5020003)	\$489,424
8	Lime Stone (5020004)	\$479
9	Polymer (5020005)	\$274,773
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$34,947
12	Lease (5070005)	<u>\$0</u>
13	Total Operations (Lines 4 thru 10)	\$6,611,812
	Maintenance :	
14	SCR Maintenance (5120000)	\$63,686
15	Scrubber Maintenance (5120000)	<u>\$727,363</u>
16	Total Maintenance (12) + (13)	\$791,049
17	1/2 of Maintenance (13) * 50%	<u>\$395,525</u>
18	Fixed O&M (11) + (15)	<u>\$7,007,337</u>
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$20,216,174
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,216,174
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.39
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.01
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$2.01
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$782,895

ES FORM 3.14
 Page 6 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
 Page 7 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$77,757
5	Urea (5020002)	\$455,838
6	Trona (5020003)	\$122,056
7	Lime Stone (5020004)	\$766,304
8	Polymer (5020005)	\$3,189
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,437,272
	Maintenance :	
13	SCR Maintenance (5120000)	\$5,247
14	FDG (5120000)	\$59,922
15	1/2 of Maintenance (10 + 11) * 50%	\$32,585
16	Fixed O&M (9) + (12)	\$1,469,857
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,130,232
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,130,232
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.03
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.71
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.71
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$666,045

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$286,398
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$320,959
	Maintenance :	
8	SCR Maintenance (5120000)	\$2,444
9	1/2 of Maintenance (8) * 50%	\$1,222
10	Fixed O&M (7) + (9)	\$322,181
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,810,999
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,810,999
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.21
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
 Page 9 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$13,207</u>
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of July 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	<u>1.37%</u>	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$40,121 <u>50%</u>	\$144,462 <u>85.00%</u>	\$228,919 <u>65.08%</u>	\$30,168 <u>50.00%</u>	
14	Total Rockport Plant Common and Units 1 & 2	\$20,061	\$122,793	\$148,980	\$15,084	\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					16.00%
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18) Kentucky Power Capacity Deficit (kw)					<u>389,500</u>
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of July 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of July 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2010								
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171			
10	AFTER-TAX PRODUCTION INCOME						57.4173			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4173			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9171			
19	STATE (LINE 4)						5.6384			
20	BLENDED TAX RATE						36.5555			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of July 2011

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost							
4		AEGCo Low NOx Burners (LNB) Installed Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
5		Fiyash Landfill Installed Cost							
6		Less Accumulated Depreciation							
7		Less Accum. Def. Income Taxes							
8		Total Rate Base	9.6837%	\$723,612	\$3,286,103	\$5,333,879	\$8,619,982	\$2,029,852	
9		Weighted Average Cost of Capital - ES FORM 3.21							
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.8070%			0.8070%	0.8070%	
11		Monthly Return of Rate Base (Line 6 * Line 8)		\$5,840			\$69,563	\$16,381	
12		Operating Expenses :							
13		Monthly Depreciation Expense							
14		Monthly Indiana Air Emissions Fee							
15		Total Operating Expenses (Line 10 + Line 11)		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
16		Total Revenue Requirement. Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$15,625	\$0	\$0	\$0	\$0	
		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$20,837			\$39,968	\$6,410	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$26,677			\$109,531	\$22,791	
		Kentucky Power's Portion of Rockport Plants'		\$4,002			\$32,859	\$6,837	
		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on							
		ES FORM 3.00 Line 2							
									\$43,698

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of July 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 7/31/2011							
1	L/T DEBT	76,900,835	38.8010%	4.9271%		1.9118%			1.9118%
2	S/T DEBT	46,670,557	23.5481%	0.3141%		0.0740%			0.0740%
3	CAPITALIZATION								
3	OFFSETS	0	0.0000%	3.1848%		0.0000%			0.0000%
4	DEBT								
5	C EQUITY	74,621,431	37.6509%	12.1600%	1/	4.5783%	1.681379	2/	7.6979%
6	TOTAL	198,192,823	100.0000%			6.5641%			9.6837%
<p>WACC = Weighted Average Cost of Capital</p> <p>1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement</p> <p>2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p>									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of July 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$46,534,433	68.3%
2	FERC Wholesale Revenues	\$530,987	0.8%
3	Associated Utilities Revenues	\$8,031,761	11.8%
4	Non-Assoc. Utilities Revenues	\$13,076,250	19.1%
5	Total Revenues for Surcharges Purposes	\$68,173,431	100.0%
6	Non-Physical Revenues for Month	\$1,036,488	
7	Total Revenues for Month	\$69,209,919	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for May 2011	3.8659%
2	Kentucky Retail Revenues for Current Expense Month	\$46,511,912
3	Surcharge Collected (1) * (2)	\$1,798,104
4	Surcharge Amount To Be Collected	\$1,562,795
5	Over / (Under) Recovery (3) - (4) = (5)	\$235,309

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

September 16, 2011

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

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of August 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after September 28, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

RECEIVED

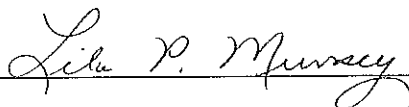
SEP 16 2011

PUBLIC SERVICE
COMMISSION

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of August 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,236,648
LINE 2	Brr from ES FORM 1.10	4,088,830 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$147,818
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	76.2%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$112,638
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$197,884)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	(\$85,246)
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	(\$85,246)
LINE 9	KY Retail R(m) from ES FORM 3.30	\$47,519,210
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	-0.1794%

Effective Date for Billing: September 28, 2011

Submitted By : 

Title : Manager Regulatory Services

Date Submitted : September 16, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of August 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of August 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$65,991,686)	
3	Less Accum. Def. Income Taxes	(\$39,792,694)	
4	Net Utility Plant		\$85,543,172
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,949,084
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$33,083
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$124,174
8	Total Rate Base		\$91,649,513
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$815,681
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,177,305
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$363,530
18	Monthly SO2 Emission Allowance Consumption		\$165,817
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,375,650
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$4,191,331

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of August 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	34,945	474,169	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	0		\$0		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	8,512	661,183	\$165,817	\$54,686,688	\$82.710
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,120,063		\$5,949,084	\$5.311
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06598

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of August 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	792	22,961	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		10,687		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of August 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$0	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	794	22,318	\$23,164	\$1,027,507	\$46.039
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		23,391		\$33,083	\$1.414

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transactions for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of August 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$432,345	
3	Monthly SO2 Allowance Consumption	<u>\$165,817</u>	
4	Total 1997 Plan O&M Expenses		\$629,861
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$327,425	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$23,164	
9	Equipment - Associated Operating Expenses	\$7,686	
10	Equipment - Associated Maintenance Expenses	<u>\$5,255</u>	
11	Total 2003 Plan O&M Expenses		<u>\$363,530</u>
12	Total Monthly O&M Expenses		<u>\$993,391</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$124,174

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 August 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$3,389.54	\$0.00	\$0.00	\$3,389.54
Boiler Acoustic Horns	\$0.00	\$0.00	\$0.00	\$0.00
Hydrolyzer	\$1,881.36	\$3,893.18	\$0.00	\$5,774.54
SCR Booster Fan	\$0.00	\$0.00	\$0.00	\$0.00
SCR NOX Monitoring	\$0.00	\$0.00	\$0.00	\$0.00
Urea Solution Feed Pump	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR August 2011 O & M Expense	\$5,270.90	\$3,893.18	\$0.00	\$9,164.08
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$7,685.83
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$22,239.36	(\$26,148.00)	\$0.00	(\$3,908.64)
August 2011 O & M Expenses Filed				\$12,941.27

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of August 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$354,445		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$260,965		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$786,790		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$666,045		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$70,110		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,157,830	\$19,475	\$2,177,305

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of August 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$877,455		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$1,247,393		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$7,152,845		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,501,562		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$355,074		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$11,163,226	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.32	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.11	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$432,345	\$0	\$432,345

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$60,510
7	Urea (5020002)	\$507,005
8	Trona (5020003)	\$195,962
9	Lime Stone (5020004)	\$351,645
10	Lime Hydrate (5020007)	\$0
11	Steam Exp (5020025)	(\$33)
12	Air Emission Fee	<u>\$10,292</u>
13	Total Operations (Lines 6 thru 10)	\$1,125,381
	Maintenance :	
14	SCR Maintenance (5120000)	\$31,840
15	Scrubber (FGD) Maintenance (5120000)	<u>\$349,631</u>
16	Total Maintenance (12) + (13)	<u>\$381,471</u>
17	1/2 of Maintenance (14) * 50%	<u>\$190,736</u>
18	Fixed O&M (11) + (15)	\$1,316,117
19	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$877,455</u>
	Total Revenue Requirement,	
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$9,103,403
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.08
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.91
	Amos Unit No. 3 Costs to Kentucky Power :	
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.91
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$354,445

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$29,227
5	Lime (5020001)	\$0
6	Urea (5020002)	\$344,285
7	Trona (5020003)	\$198,050
8	Lime Stone (5020004)	\$510,552
9	Polymer (5020005)	\$2,052
10	Lime Hydrate (5020007)	\$1,085
11	Steam Exp (5020025)	\$61,970
12	Air Emission Fee	\$8,622
13	Total Operations (Line 4 thru 8)	\$1,155,843
	Maintenance :	
14	SCR Maintenance (5120000)	\$7,440
15	Scrubber (FGD) Maintenance (5120000)	\$175,659
16	Total Maintenance (13) + (14)	\$183,099
17	1/2 Maintenance (15) * 50%	\$91,550
18	Fixed O&M (12) + (16)	\$1,247,393
	Total Revenue Requirement,	
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,740,574
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,740,574
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.80
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.67
	Cardinal Unit No. 1 Costs to Kentucky Power :	
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.67
27	Kentucky Power Capacity Deficit (kw)	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$260,965

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$993,380
5	Lime (5020001)	\$4,024,187
6	Urea (5020002)	\$957,409
7	Trona (5020003)	\$603,376
8	Lime Stone (5020004)	\$235
9	Polymer (5020005)	\$335,172
10	Steam Exp (5020025)	(\$36,272)
11	Air Emission Fee	\$34,947
12	Lease (5070005)	\$0
13	Total Operations (Lines 4 thru 10)	\$6,912,434
	Maintenance :	
14	SCR Maintenance (5120000)	\$69,604
15	Scrubber Maintenance (5120000)	\$411,217
16	Total Maintenance (12) + (13)	\$480,821
17	1/2 of Maintenance (13) * 50%	\$240,411
18	Fixed O&M (11) + (15)	\$7,152,845
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$20,361,682
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,361,682
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.41
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.02
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$2.02
27	Kentucky Power Capacity Deficit (kw)	389,500
28	Gavin Plant Environmental Cost to Kentucky Power (24) * (25) (ES FORM 3.14, Page 1 of 10, Line 3)	\$786,790

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$45,452
5	Urea (5020002)	\$537,383
6	Trona (5020003)	\$112,775
7	Lime Stone (5020004)	\$694,811
8	Polymer (5020005)	\$1,318
9	Lime Hydrate (5020007)	\$0
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,403,867
	Maintenance :	
13	SCR Maintenance (5120000)	\$1,816
14	FDG (5120000)	\$193,574
15	1/2 of Maintenance (10 + 11) * 50%	\$97,695
16	Fixed O&M (9) + (12)	\$1,501,562
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,161,937
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,161,937
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.03
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.71
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.71
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$666,045

ES FORM 3.14
 Page 8 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$310,686
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$345,247
	Maintenance :	
8	SCR Maintenance (5120000)	\$19,653
9	1/2 of Maintenance (8) * 50%	\$9,827
10	Fixed O&M (7) + (9)	\$355,074
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,843,892
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,843,892
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.22
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	389,500
	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 6)	\$70,110

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of August 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	<u>1.37%</u> \$24,496	<u>1.37%</u> \$144,462	<u>1.37%</u> \$228,919	<u>1.37%</u> \$30,168	
4	Operations :	\$0	\$0	\$0	\$0	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
12	Fixed O&M (7) + (9)	<u>\$15,625</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10)	\$40,121	\$144,462	\$228,919	\$30,168	
14	Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	<u>50%</u> \$20,061	<u>85.00%</u> \$122,793	<u>65.08%</u> \$148,980	<u>50.00%</u> \$15,084	
15	Total Rockport Plant Common and Units 1 & 2					\$306,918
16	Indiana Michigan Power Company Steam Capacity (kw)					5,416,000
17	Rockport Plant (\$/kw) (14) / (15)					\$0.06
18	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18)					\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					389,500
						\$3,895

ES FORM 3.14
 Page 11 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of August 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,625
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,625
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	\$1,364,494
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of August 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2010								
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171			
10	AFTER-TAX PRODUCTION INCOME						57.4173			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4173			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9171			
19	STATE (LINE 4)						5.6384			
20	BLENDED TAX RATE						36.5555			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of August 2011

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost							
4		AEGCo Low NOx Burners (LNB) Installed Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
5		Fiyash Landfill Installed Cost							
6		Less Accumulated Depreciation		(\$891,989)	(\$1,435,631)	(\$2,154,468)		(\$174,170)	
7		Less Accum. Def. Income Taxes		(\$164,992)	(\$560,976)	(\$880,663)		\$14,564	
8		Total Rate Base		\$720,225	\$3,276,050	\$5,317,953	\$8,594,003	\$2,025,686	
9		Weighted Average Cost of Capital - ES FORM 3.21	10.3016%						
10		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		0.8585%			0.8585%	0.8585%	
11		Monthly Return of Rate Base (Line 6 * Line 8)		\$6,183			\$73,780	\$17,391	
12		Operating Expenses :							
13		Monthly Depreciation Expense							
14		Monthly Indiana Air Emissions Fee		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
15		Total Operating Expenses (Line 10 + Line 11)		\$15,625	\$0	\$0	\$39,968	\$6,410	
16		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$20,837					
17		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$27,020			\$113,748	\$23,801	
18		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)		\$4,053					
19		Kentucky Power's Portion of Rockport Plants'							
20		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
21		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							
22									\$45,317

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of August 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 8/31/2011							
1	L/T DEBT	76,900,835	41.6159%	4.7476%		1.9758%			1.9758%
2	S/T DEBT	33,264,949	18.0018%	0.3857%		0.0694%			0.0694%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	3.4306%		0.0000%			0.0000%
5	DEBT C EQUITY	74,621,431	40.3823%	12.1600%	1/	4.9105%	1.681379	2/	8.2564%
6	TOTAL	184,787,215 =====	100.0000% =====			6.9557% =====			10.3016% =====
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of August 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$47,519,210	76.2%
2	FERC Wholesale Revenues	\$525,287	0.8%
3	Associated Utilities Revenues	\$5,676,708	9.1%
4	Non-Assoc. Utilities Revenues	\$8,673,690	13.9%
5	Total Revenues for Surcharges Purposes	\$62,394,895	100.0%
6	Non-Physical Revenues for Month	\$844,708	
7	Total Revenues for Month	\$63,239,603	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for June 2011	2.9277%
2	Kentucky Retail Revenues for Current Expense Month	\$53,713,290
3	Surcharge Collected (1) * (2)	\$1,572,564
4	Surcharge Amount To Be Collected	\$1,374,680
5	Over / (Under) Recovery (3) - (4) = (5)	\$197,884

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER®**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

October 17, 2011

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

RECEIVED
OCT 17 2011
PUBLIC SERVICE
COMMISSION

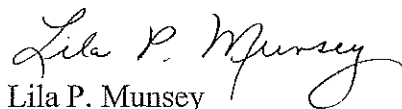
Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of September 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after October 27, 2011.

If there are any questions please contact me at 502-696-7010.


Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of September 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$4,019,669
LINE 2	Brr from ES FORM 1.10	3,740,010 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$279,659
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	79.7%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$222,889
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$5,290
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$228,179
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$228,179
LINE 9	KY Retail R(m) from ES FORM 3.30	\$44,097,032
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	0.5174%

Effective Date for Billing: October 27, 2011

Submitted By : *Lila P. Munsey*
 Title : Manager Regulatory Services

Date Submitted : October 17, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of September 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$3,970,695
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$48,974
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$4,019,669

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of September 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$66,614,968)	
3	Less Accum. Def. Income Taxes	(\$39,574,544)	
4	Net Utility Plant		\$85,138,040
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,826,903
6	EGR & NOx Emission Allowance Inventory from ES FORM 3.12		\$11,932
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$97,721
8	Total Rate Base		\$91,074,596
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$810,564
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$2,161,725
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$207,227
18	Monthly SO2 Emission Allowance Consumption		\$122,181
19	Total Operating Expenses [Line 12 thru Line 18]		\$3,160,131
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,970,695

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of September 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	34,945	474,169	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance					
Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance					
Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	0		\$0		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	6,272	667,455	\$122,181	\$54,808,869	\$82.116
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,113,791		\$5,826,903	\$5.232
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06598

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of September 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	724	23,685	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		9,963		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of September 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	0	980	\$0	\$1,060,590	\$1,082.235
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	725	23,043	\$21,151	\$1,048,658	\$45.509
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		22,666		\$11,932	\$0.526

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of September 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$420,660	
3	Monthly SO2 Allowance Consumption	<u>\$122,181</u>	
4	Total 1997 Plan O&M Expenses		\$574,540
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$178,837	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$21,151	
9	Equipment - Associated Operating Expenses	\$5	
10	Equipment - Associated Maintenance Expenses	<u>\$7,234</u>	
11	Total 2003 Plan O&M Expenses		<u>\$207,227</u>
12	Total Monthly O&M Expenses		<u>\$781,767</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$97,721

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 September 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$916.25	\$1,049.20	\$0.00	\$1,965.45
Boiler Acoustic Horns	\$2,000.00	\$120.00	\$0.00	\$2,120.00
SCR Booster Fan	\$102.99	\$0.00	\$0.00	\$102.99
SCR NOX Monitoring	\$0.00	\$0.00	\$0.00	\$0.00
Urea Solution Feed Pump	\$0.00	\$0.00	\$0.00	\$0.00
Total SCR September 2011 O & M Expense	\$3,019.24	\$1,169.20	\$0.00	\$4,188.44
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$0.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$5.00	\$5.00
Maintenance	\$2,515.96	\$530.00	\$0.00	\$3,045.96
September 2011 O & M Expenses Filed				\$7,239.40

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of September 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$346,655		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$233,700		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$806,265		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$7,790		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$673,835		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$62,320		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$11,685		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$3,895	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$15,580	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$2,142,250	\$19,475	\$2,161,725

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of September 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$738,560		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$563,268		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$7,692,100		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,773,803		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$134,414		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$10,931,042	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,458,000	5,416,000	
13	Environmental Base (\$/kw)	\$1.29	\$0.01	
14	Company Surplus Weighting	84.00%	16.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$1.08	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	389,500	389,500	
17	Fixed O&M Environmental Cost to Kentucky Power	\$420,660	\$0	\$420,660

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$73,723
7	Urea (5020002)	\$454,501
8	Trona (5020003)	\$152,761
9	Lime Stone (5020004)	\$284,020
10	Lime Hydrate (5020007)	(\$201)
11	Steam Exp (5020025)	(\$16)
12	Air Emission Fee	<u>\$10,292</u>
13	Total Operations (Lines 6 thru 10)	\$975,080
	Maintenance :	
14	SCR Maintenance (5120000)	\$47,995
15	Scrubber (FGD) Maintenance (5120000)	<u>\$217,413</u>
16	Total Maintenance (12) + (13)	<u>\$265,408</u>
17	1/2 of Maintenance (14) * 50%	<u>\$132,704</u>
18	Fixed O&M (11) + (15)	\$1,107,784
19	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$738,560</u>
	Total Revenue Requirement,	
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,964,508
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.06
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.89
	Amos Unit No. 3 Costs to Kentucky Power :	
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.89
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$346,655

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$49,849
5	Lime (5020001)	\$0
6	Urea (5020002)	\$125,657
7	Trona (5020003)	\$57,436
8	Lime Stone (5020004)	\$212,750
9	Polymer (5020005)	\$184
10	Lime Hydrate (5020007)	\$754
11	Steam Exp (5020025)	\$45,723
12	Air Emission Fee	\$8,622
13	Total Operations (Line 4 thru 8)	\$500,975
	Maintenance :	
14	SCR Maintenance (5120000)	\$10,872
15	Scrubber (FGD) Maintenance (5120000)	\$113,713
16	Total Maintenance (13) + (14)	\$124,585
17	1/2 Maintenance (15) * 50%	\$62,293
18	Fixed O&M (12) + (16)	\$563,268
	Total Revenue Requirement,	
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	\$6,056,449
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$6,056,449
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.72
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.60
	Cardinal Unit No. 1 Costs to Kentucky Power :	
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.60
27	Kentucky Power Capacity Deficit (kw)	389,500
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$233,700

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$863,037
5	Lime (5020001)	\$4,329,963
6	Urea (5020002)	\$1,116,226
7	Trona (5020003)	\$624,589
8	Lime Stone (5020004)	\$410
9	Polymer (5020005)	\$319,561
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$34,947
12	Lease (5070005)	<u>\$0</u>
13	Total Operations (Lines 4 thru 10)	\$7,288,733
	Maintenance :	
14	SCR Maintenance (5120000)	\$93,341
15	Scrubber Maintenance (5120000)	<u>\$713,393</u>
16	Total Maintenance (12) + (13)	\$806,734
17	1/2 of Maintenance (13) * 50%	<u>\$403,367</u>
18	Fixed O&M (11) + (15)	<u>\$7,692,100</u>
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$20,900,937
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,900,937
22	Ohio Power Company Steam Capacity (kw)	8,458,000
23	Gavin Plant (\$/kw)	\$2.47
24	Ohio Power Surplus Weighing	84.00%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.07
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$2.07
27	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$806,265

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$15,690
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	\$131,477
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	389,500
	Kammer Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 4)	\$7,790

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$26,051
5	Urea (5020002)	\$667,963
6	Trona (5020003)	\$56,503
7	Lime Stone (5020004)	\$933,479
8	Polymer (5020005)	\$1,498
9	Lime Hydrate (5020007)	\$4,573
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$12,128
12	Total Operations (Lines 4 thru 8)	\$1,702,195
	Maintenance :	
13	SCR Maintenance (5120000)	\$5,358
14	FDG (5120000)	\$137,858
15	1/2 of Maintenance (10 + 11) * 50%	\$71,608
16	Fixed O&M (9) + (12)	\$1,773,803
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	\$17,434,178
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$17,434,178
20	Ohio Power Company Steam Capacity (kw)	8,458,000
21	Mitchell Plant (\$/kw)	\$2.06
22	Ohio Power Surplus Weighing	84.00%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.73
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.73
25	Kentucky Power Capacity Deficit (kw)	389,500
26	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$673,835

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$50,562
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$85,123
	Maintenance :	
8	SCR Maintenance (5120000)	\$98,581
9	1/2 of Maintenance (8) * 50%	\$49,291
10	Fixed O&M (7) + (9)	\$134,414
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,623,232
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,623,232
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Muskingum Plant (\$/kw)	\$0.19
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.16
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.16
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$62,320

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,458,000
15	Sporn Plant (\$/kw)	\$0.03
16	Ohio Power Surplus Weighing	84.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.03
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.03
19	Kentucky Power Capacity Deficit (kw)	389,500
20	Sporn Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 7)	\$11,685

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of September 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :					
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :					
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$40,121	\$144,462	\$228,919	\$30,168	
14	Total Rockport Plant Common and Units 1 & 2	50%	85.00%	65.08%	50.00%	
15	Indiana Michigan Power Company Steam Capacity (kw)	\$20,061	\$122,793	\$148,980	\$15,084	\$306,918
16	Rockport Plant (\$/kw) (14) / (15)					5,416,000
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					\$0.06
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					16.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18)					\$0.01
21	Kentucky Power Capacity Deficit (kw) Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					389,500
						\$3,895

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of September 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,416,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	16.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.04
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>389,500</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$15,580

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of September 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)	
		As of 4/30/2010								
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%	
3	ACCTS REC									
3	FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020									
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010									
1	OPERATING REVENUE						100.0000			
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384			
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716			
7	199 DEDUCTION PHASE-IN						5.6372			
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344			
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171			
10	AFTER-TAX PRODUCTION INCOME						57.4173			
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:									
12	AFTER-TAX PRODUCTION INCOME						57.4173			
13	199 DEDUCTION PHASE-IN						5.6372			
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400			
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445			
17	BLENDED FEDERAL AND STATE TAX RATE:									
18	FEDERAL (LINE 8)						30.9171			
19	STATE (LINE 4)						5.6384			
20	BLENDED TAX RATE						36.5555			
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762			
	STATE INCOME TAX CALCULATION:									
1	PRE-TAX PRODUCTION INCOME						100.0000			
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400			
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500			
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100			
5	LESS: STATE 199 DEDUCTION						5.6372			
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728			
7	STATE INCOME TAX RATE						6.0000			
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384			

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of September 2011

LINE NO.	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		COST COMPONENT		Rockport Plant Common	Unit No. 1	Unit No. 2	Total Units 1 & 2 (C5 + C6)	Rockport Plant Common	Total
1		Return on Rate Base :							
2		Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3		Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4		AEGCo Low NOx Burners (LNB) Installed Cost		(\$897,201)	(\$1,451,097)	(\$2,178,970)		(\$180,580)	
5		Flyash Landfill Installed Cost		(\$163,167)	(\$555,563)	(\$872,088)		\$16,807	
6		Less Accumulated Depreciation		\$716,838	\$3,265,997	\$5,302,026		\$2,021,519	
7		Total Rate Base	11.6676%						
8		Weighted Average Cost of Capital - ES FORM 3.21		0.9723%			0.9723%	0.9723%	
9		Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,970			\$83,307	\$19,655	
10		Monthly Return of Rate Base (Line 6 * Line 8)							
11		Operating Expenses :							
12		Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
13		Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
14		Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
15		Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$27,807			\$123,275	\$26,065	
16		Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$4,171			\$36,983	\$7,820	
		Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
		Kentucky Power's Portion of Rockport Plants'							
		Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
		Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							\$48,974

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of September 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF	WACC (PRE - TAX)
		As of 9/30/2011						
1	L/T DEBT	66,900,835	41.2800%	5.3097%		2.1918%		2.1918%
2	S/T DEBT	20,451,684	12.6194%	0.3983%		0.0503%		0.0503%
3	CAPITALIZATION							
4	OFFSETS	0	0.0000%	4.1598%		0.0000%		0.0000%
5	DEBT C EQUITY	74,713,431	46.1006%	12.1600%	1/	5.6058%	1.681379	2/ 9.4255%
6	TOTAL	162,065,950	100.0000%			7.8479%		11.6676%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:								
1	OPERATING REVENUE						100.00	
2	LESS: INDIANA ADJUSTED GROSS INCOME							
3	(LINE 1 X .085)						8.500	
4	INCOME BEFORE FED INC TAX						91.500	
5	LESS: FEDERAL INCOME TAX							
6	(LINE 4 X .35)						32.025	
7	OPERATING INCOME PERCENTAGE						59.475	
8	GROSS REVENUE CONVERSION							
9	FACTOR (100% / LINE 7)						1.681379	

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of September 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$44,097,032	79.7%
2	FERC Wholesale Revenues	\$438,222	0.8%
3	Associated Utilities Revenues	\$4,158,869	7.5%
4	Non-Assoc. Utilities Revenues	\$6,653,495	12.0%
5	Total Revenues for Surcharges Purposes	\$55,347,618	100.0%
6	Non-Physical Revenues for Month	\$308,585	
7	Total Revenues for Month	\$55,656,203	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for July 2011	0.3272%
2	Kentucky Retail Revenues for Current Expense Month	\$44,922,066
3	Surcharge Collected (1) * (2)	\$146,985
4	Surcharge Amount To Be Collected	\$152,275
5	Over / (Under) Recovery (3) - (4) = (5)	(\$5,290)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

November 18, 2011

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

RECEIVED

NOV 18 2011

PUBLIC SERVICE
COMMISSION

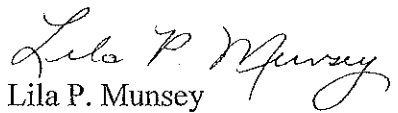
Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of October 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after November 29, 2011.

If there are any questions please contact me at 502-696-7010.


Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of October 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,806,605
LINE 2	Brr from ES FORM 1.10	3,260,302 1/
LINE 3	E(m) (LINE 1 - LINE 2)	\$546,303
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	78.0%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$426,116
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	(\$27,561)
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$398,555
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$398,555
LINE 9	KY Retail R(m) from ES FORM 3.30	\$38,287,502
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.0410%

Effective Date for Billing: November 29, 2011

Submitted By : *Lila P. Munsey*

Title : Manager Regulatory Services

Date Submitted : November 18, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	----- \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of October 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$3,765,064
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$41,541
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO2 - EPA Auction Proceeds received during Expense Month 2) SO2 - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO2 Allowances 1) NOx - ERC Sales Proceeds, received during Expense Month 2) NOx - EPA Auction Proceeds, received during Expense Month 3) NOx - Net Gain or Loss from NOx Allowances Sales, received during Expense Month Total Net Proceeds from NOx Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,806,605

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of October 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$67,238,250)	
3	Less Accum. Def. Income Taxes	(\$39,356,398)	
4	Net Utility Plant		\$84,732,904
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,680,294
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$636,332
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$126,974
8	Total Rate Base		\$91,176,504
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$811,471
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,542,750
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$595,236
18	Monthly SO2 Emission Allowance Consumption		\$146,609
19	Total Operating Expenses [Line 12 thru Line 18]		\$2,953,593
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,765,064

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of October 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	34,945	474,169	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	0		\$0		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,526	674,981	\$146,609	\$54,955,478	\$81.418
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,106,265		\$5,680,294	\$5.135
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06598

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transactions for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of October 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	2	23,687	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		9,961		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of October 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	2,100	3,080	\$940,100	\$2,000,690	\$649.575
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	832	23,875	\$315,700	\$1,364,358	\$57.146
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		23,934		\$636,332	\$26.587

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of October 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$242,250	
3	Monthly SO2 Allowance Consumption	<u>\$146,609</u>	
4	Total 1997 Plan O&M Expenses		\$420,558
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$251,855	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$315,700	
9	Equipment - Associated Operating Expenses	\$24	
10	Equipment - Associated Maintenance Expenses	<u>\$27,657</u>	
11	Total 2003 Plan O&M Expenses		<u>\$595,236</u>
12	Total Monthly O&M Expenses		<u>\$1,015,794</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$126,974

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 October 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$17,021.00	\$2,118.61	\$0.00	\$19,139.61
Boiler Acoustic Horns	\$185.75	\$0.00	\$0.00	\$185.75
SCR Acoustic Horns	\$3,408.84	\$550.94	\$0.00	\$3,959.78
SCR Booster Fan	\$193.51	\$0.00	\$0.00	\$193.51
SCR NOX Monitoring	\$593.89	\$0.00	\$0.00	\$593.89
Total SCR October 2011 O & M Expense	\$21,402.99	\$2,669.55	\$0.00	\$24,072.54
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$24.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	\$3,584.42	\$0.00	\$0.00	\$3,584.42
October 2011 O & M Expenses Filed				\$27,680.96

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of October 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$244,800		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$160,650		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$581,400		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$5,100		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$487,050		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$45,900		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,200		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$2,550	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$5,100	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,535,100	\$7,650	\$1,542,750

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of October 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$196,284		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$30,386		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,794,923		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,168,945		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$105,639		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$8,325,074	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,003,000	5,414,000	
13	Environmental Base (\$/kw)	\$1.04	\$0.01	
14	Company Surplus Weighting	91.19%	8.81%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.95	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	255,000	255,000	
17	Fixed O&M Environmental Cost to Kentucky Power	\$242,250	\$0	\$242,250

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$45,707
7	Urea (5020002)	\$0
8	Trona (5020003)	\$0
9	Lime Stone (5020004)	\$10,394
10	Lime Hydrate (5020007)	\$1,123
11	Steam Exp (5020025)	\$15
12	Air Emission Fee	<u>\$10,292</u>
13	Total Operations (Lines 6 thru 10)	\$67,531
	Maintenance :	
14	SCR Maintenance (5120000)	\$112,995
15	Scrubber (FGD) Maintenance (5120000)	<u>\$340,765</u>
16	Total Maintenance (12) + (13)	<u>\$453,760</u>
17	1/2 of Maintenance (14) * 50%	<u>\$226,880</u>
18	Fixed O&M (11) + (15)	\$294,411
19	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
20	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$196,284</u>
	Total Revenue Requirement,	
21	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,422,232
22	Ohio Power Company Steam Capacity (kw)	8,003,000
23	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.05
24	Ohio Power Surplus Weighing	91.19%
25	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.96
	Amos Unit No. 3 Costs to Kentucky Power :	
26	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.96
27	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 1)	\$244,800

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	(\$16,739)
5	Lime (5020001)	\$0
6	Urea (5020002)	(\$26,195)
7	Trona (5020003)	(\$15,311)
8	Lime Stone (5020004)	(\$27,989)
9	Polymer (5020005)	(\$361)
10	Lime Hydrate (5020007)	\$4
11	Steam Exp (5020025)	\$70,095
12	Air Emission Fee	<u>\$8,622</u>
13	Total Operations (Line 4 thru 8)	(\$7,874)
	Maintenance :	
14	SCR Maintenance (5120000)	\$8,705
15	Scrubber (FGD) Maintenance (5120000)	<u>\$67,814</u>
16	Total Maintenance (13) + (14)	\$76,519
17	1/2 Maintenance (15) * 50%	<u>\$38,260</u>
18	Fixed O&M (12) + (16)	<u>\$30,386</u>
	Total Revenue Requirement,	
19	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$5,523,567</u>
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,523,567
22	Ohio Power Company Steam Capacity (kw)	8,003,000
23	Cardinal Unit No. 1 (\$/kw)	\$0.69
24	Ohio Power Surplus Weighing	91.19%
25	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.63
	Cardinal Unit No. 1 Costs to Kentucky Power :	
26	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.63
27	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26)	
28	(ES FORM 3.14, Page 1 of 10, Line 2)	\$160,650

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$947,653
5	Lime (5020001)	\$2,992,283
6	Urea (5020002)	\$1,267,790
7	Trona (5020003)	\$684,201
8	Lime Stone (5020004)	\$552
9	Polymer (5020005)	\$357,554
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	\$34,947
12	Lease (5070005)	\$0
13	Total Operations (Lines 4 thru 10)	\$6,284,980
	Maintenance :	
14	SCR Maintenance (5120000)	\$81,226
15	Scrubber Maintenance (5120000)	\$938,659
16	Total Maintenance (12) + (13)	\$1,019,885
17	1/2 of Maintenance (13) * 50%	\$509,943
18	Fixed O&M (11) + (15)	\$6,794,923
	Total Revenue Requirement,	
19	Cost Associated with Gavin Plant (3) + (17)	\$20,003,760
20	Ohio Power Company's Percentage Ownership	100.00%
21	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$20,003,760
22	Ohio Power Company Steam Capacity (kw)	8,003,000
23	Gavin Plant (\$/kw)	\$2.50
24	Ohio Power Surplus Weighing	91.19%
25	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.28
	Gavin Plant Costs to Kentucky Power :	
26	Gavin Plant Portion (\$/kw) (23)	\$2.28
27	Kentucky Power Capacity Deficit (kw)	255,000
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
28	(ES FORM 3.14, Page 1 of 10, Line 3)	\$581,400

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	91.19%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$5,100

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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	(\$80,518)
5	Urea (5020002)	\$504,654
6	Trona (5020003)	\$77,002
7	Lime Stone (5020004)	\$555,015
8	Polymer (5020005)	\$780
9	Lime Hydrate (5020007)	\$4,702
10	Steam Exp (5020025)	\$0
11	Air Emission Fee	<u>\$12,128</u>
12	Total Operations (Lines 4 thru 8)	\$1,073,763
	Maintenance :	
13	SCR Maintenance (5120000)	\$800
14	FDG (5120000)	\$189,563
15	1/2 of Maintenance (10 + 11) * 50%	<u>\$95,182</u>
16	Fixed O&M (9) + (12)	<u>\$1,168,945</u>
	Total Revenue Requirement,	
17	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,829,320</u>
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,829,320
20	Ohio Power Company Steam Capacity (kw)	8,003,000
21	Mitchell Plant (\$/kw)	\$2.10
22	Ohio Power Surplus Weighing	91.19%
23	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.91
	Mitchell Plant Costs to Kentucky Power :	
24	Mitchell Plant Portion (\$/kw) (20)	\$1.91
25	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22)	
26	(ES FORM 3.14, Page 1 of 10, Line 5)	\$487,050

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$1,338
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$34,561</u>
7	Total Operations (4) + (5) + (6)	\$35,899
	Maintenance :	
8	SCR Maintenance (5120000)	\$139,480
9	1/2 of Maintenance (8) * 50%	<u>\$69,740</u>
10	Fixed O&M (7) + (9)	<u>\$105,639</u>
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	<u>\$1,594,457</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,594,457
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	91.19%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$45,900

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	\$13,207
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	\$0
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	\$291,458
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Sporn Plant (\$/kw)	\$0.04
16	Ohio Power Surplus Weighing	91.19%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.04
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	255,000
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,200

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of October 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%	1.37%	1.37%	1.37%	
3	Total Rate Base	\$24,496	\$144,462	\$228,919	\$30,168	
4	Operations :					
4	Urea (5020002)	\$0	\$0	\$0	\$0	
5	Trona (5020003)	\$0	\$0	\$0	\$0	
6	Air Emission Fee	\$15,625	\$0	\$0	\$0	
7	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
8	Maintenance :					
8	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
9	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
10	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
11	Total Revenue Requirement,	\$40,121	\$144,462	\$228,919	\$30,168	
12	Cost Associated with Rockport Plant (3) + (10)	50%	85.00%	65.08%	50.00%	
13	Indiana Michigan Power Company's Percentage Ownership &I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$20,061	\$122,793	\$148,980	\$15,084	
14	Total Rockport Plant Common and Units 1 & 2					\$306,918
15	Indiana Michigan Power Company Steam Capacity (kw)					5,414,000
16	Rockport Plant (\$/kw) (14) / (15)					\$0.06
17	Kentucky Power Portion of Rockport Plant /					8.81%
18	Indiana Michigan Power Surplus Weighing Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					\$0.01
19	Rockport Plant Costs to Kentucky Power :					\$0.01
19	Rockport Plant Portion (\$/kw) (18)					255,000
20	Kentucky Power Capacity Deficit (kw)					\$2,550
20	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20)					
21	(ES FORM 3.14, Page 1 of 10, Line 8)					

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of October 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	8.81%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.02
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$5,100

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of October 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF		WACC (PRE-TAX)
		As of 4/30/2010							
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%			3.37%
2	S/T DEBT	\$0	0.000%	0.83%		0.00%			0.00%
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%			0.05%
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	2/	7.27%
5	TOTAL	\$1,058,903,021	100.000%			8.03%			10.69%
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171		
10	AFTER-TAX PRODUCTION INCOME						57.4173		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4173		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9171		
19	STATE (LINE 4)						5.6384		
20	BLENDED TAX RATE						36.5555		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of October 2011

LINE NO. (1)	COST COMPONENT (2)	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3	Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4	AEGCo Low NOx Burners (LNB) Installed Cost		(\$902,413)	(\$1,466,563)	(\$2,203,472)		(\$186,990)	
5	Flyash Landfill Installed Cost		(\$161,343)	(\$550,150)	(\$863,512)		\$19,051	
6	Less Accumulated Depreciation		\$713,450	\$3,255,944	\$5,286,100	\$8,542,044	\$2,017,353	
7	Total Rate Base	8.9779%						
8	Weighted Average Cost of Capital - ES FORM 3.21		0.7482%			0.7482%	0.7482%	
9	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$5,338			\$63,912	\$15,094	
10	Monthly Return of Rate Base (Line 6 * Line 8)							
11	Operating Expenses :							
12	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
13	Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
14	Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
15	Total Revenue Requirement, Cost Associated with Rockport Plant CEMS and LNB (Line 9 + Line 12)		\$26,175			\$103,880	\$21,504	
16	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)		\$3,926			\$31,164	\$6,451	
	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
	Kentucky Power's Portion of Rockport Plants'							
	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							
	Note: Cost in Column 8, Line 16 is to be Recorded on							
	ES FORM 3.00 Line 2							\$41,541

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of October 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 10/31/2011							
1	L/T DEBT	66,487,612	30.8962%	5.6212%		1.7367%			1.7367%
2	S/T DEBT	73,995,813	34.3852%	0.4153%		0.1428%			0.1428%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	2.8791%		0.0000%			0.0000%
5	DEBT								
5	C EQUITY	74,713,441	34.7186%	12.1600%	1/	4.2218%	1.681379	2/	7.0984%
6	TOTAL	215,196,866	100.0000%			6.1013%			8.9779%
<p>WACC = Weighted Average Cost of Capital</p> <p>1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement</p> <p>2/ Gross Revenue Conversion Factor (GRCF) Calculation:</p> <p>1 OPERATING REVENUE 100.00</p> <p>2 LESS: INDIANA ADJUSTED GROSS INCOME</p> <p>3 (LINE 1 X .085) 8.500</p> <p>4 INCOME BEFORE FED INC TAX 91.500</p> <p>5 LESS: FEDERAL INCOME TAX</p> <p>6 (LINE 4 X .35) 32.025</p> <p>7 OPERATING INCOME PERCENTAGE 59.475</p> <p>8 GROSS REVENUE CONVERSION</p> <p>9 FACTOR (100% / LINE 7) 1.681379</p>									

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of October 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$38,287,502	78.0%
2	FERC Wholesale Revenues	\$394,110	0.8%
3	Associated Utilities Revenues	\$6,275,626	12.8%
4	Non-Assoc. Utilities Revenues	\$4,110,816	8.4%
5	Total Revenues for Surcharges Purposes	\$49,068,054	100.0%
6	Non-Physical Revenues for Month	\$89,285	
7	Total Revenues for Month	\$49,157,339	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for August 2011	-0.1794%
2	Kentucky Retail Revenues for Current Expense Month	\$32,154,404
3	Surcharge Collected (1) * (2)	(\$57,685)
4	Surcharge Amount To Be Collected	(\$85,246)
5	Over / (Under) Recovery (3) - (4) = (5)	\$27,561

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.



**KENTUCKY
POWER**

A unit of American Electric Power

Kentucky Power
101A Enterprise Drive
P O Box 5190
Frankfort, KY 40602-5190
KentuckyPower.com

December 19, 2011

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

RECEIVED

DEC 19 2011

**PUBLIC SERVICE
COMMISSION**

Attention: Jeff Shaw

RE: Monthly Environmental Surcharge Report

Dear Mr. Shaw,

Pursuant to KRS 278.183(3), Kentucky Power Company (Kentucky Power or KPCo) files the original and two copies of its Environmental Surcharge Reports for the month of November 2011. In accordance with the Commission's Orders in the Environmental Surcharge cases, Kentucky Power has included the calculation and supporting documentation of the Environmental Surcharge Factor that will be billed for service on and after December 30, 2011.

If there are any questions please contact me at 502-696-7010.

A handwritten signature in cursive script that reads 'Lila P. Munsey'.

Lila P. Munsey
Manager, Regulatory Services
Enclosures

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) and SURCHARGE FACTOR
 For the Expense Month of November 2011

<u>CALCULATION OF E(m)</u>		
E(m) = CRR - BRR		
LINE 1	CRR from ES FORM 3.00	\$3,632,110
LINE 2	Brr from ES FORM 1.10	2,786,040
LINE 3	E(m) (LINE 1 - LINE 2)	\$846,070
LINE 4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, LINE 1	83.3%
LINE 5	KY Retail E(m) (LINE 3 * LINE 4)	\$704,776
LINE 6	(Over) / Under Recovery Adjustment from ES FORM 3.30	\$15,676
LINE 7	Net KY Retail E(m) (LINE 5 + LINE 6)	\$720,452
<u>SURCHARGE FACTOR</u>		
LINE 8	Net KY Retail E(m) (Line 7)	\$720,452
LINE 9	KY Retail R(m) from ES FORM 3.30	\$42,852,396
LINE 10	Environmental Surcharge Factor for Expense Month (Line 8 / LINE 9)	1.6812%

1/

Effective Date for Billing: December 30, 2011

Submitted By : *Lila P. Mjwsey*

Title : Manager Regulatory Services

Date Submitted : December 19, 2011

1/ Case No. 2009-00459, dated June 28, 2010

ES FORM 1.10

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 BASE PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2011

MONTHLY BASE PERIOD REVENUE REQUIREMENT

Billing Month	Base Net Environmental Costs
JANUARY	\$3,991,163
FEBRUARY	3,590,810
MARCH	3,651,374
APRIL	3,647,040
MAY	3,922,590
JUNE	3,627,274
JULY	3,805,325
AUGUST	4,088,830
SEPTEMBER	3,740,010
OCTOBER	3,260,302
NOVEMBER	2,786,040
DECEMBER	4,074,321
TOTAL	<hr/> \$44,185,079 =====

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 For the Expense Month of November 2011

CALCULATION OF CURRENT PERIOD REVENUE REQUIREMENT

LINE NO.	COMPONENTS		
1	First Component: Associated with Big Sandy Plant ((RB KP(C)) (ROR KP(C)/12)) + OE KP(C) ES FORM 3.10 , Line 20		\$3,582,990
2	Second Component: Associated with Rockport Plant [((RB IM(C)) (ROR IM(C)/12)) + OE IM(C)] ES FORM 3.20 , Line 16		\$49,120
	Third Component: Net Proceeds from Emission Allowances Sales AS 1) SO₂ - EPA Auction Proceeds received during Expense Month 2) SO₂ - Net Gain or (Loss) from Allowance Sales, in compliance with the AEP Interim Allowance Agreement, received during Expense Month Total Net Proceeds from SO ₂ Allowances 1) NO_x - ERC Sales Proceeds, received during Expense Month 2) NO_x - EPA Auction Proceeds, received during Expense Month 3) NO_x - Net Gain or Loss from NO _x Allowances Sales, received during Expense Month Total Net Proceeds from NO _x Allowances	\$0 \$0 \$0 \$0 \$0 \$0	
3	Total Net Gain or (Loss) from Emission Allowance Sales		\$0
4	Total Current Period Revenue Requirement, CRR Record on ES FORM 1.00.		\$3,632,110

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH BIG SANDY

For the Expense Month of November 2011

LINE NO.	COST COMPONENT		
	Return on Rate Base :		
1	Utility Plant at Original Cost	\$191,327,552	
2	Less Accumulated Depreciation	(\$67,861,532)	
3	Less Accum. Def. Income Taxes	(\$39,138,251)	
4	Net Utility Plant		\$84,327,769
5	SO2 Emission Allowance Inventory from ES FORM 3.11		\$5,541,321
6	ECR & NOx Emission Allowance Inventory from ES FORM 3.12		\$420,614
7	Cash Working Capital Allowance from ES FORM 3.13, Line 13		\$105,085
8	Total Rate Base		\$90,394,789
9	Weighted Average Cost of Capital - ES FORM 3.15	10.69%	
10	Monthly Weighted Avg. Cost of Capital (9) / 12		0.89%
11	Monthly Return of Rate Base (8) * (10)		\$804,514
	Operating Expenses :		
12	Monthly Depreciation Expense		\$577,252
13	Monthly Catalyst Amortization Expense		\$46,030
14	Monthly Property Taxes		\$14,017
15	Monthly Kentucky Air Emissions Fee		\$31,699
16	Monthly Environmental AEP Pool Capacity Costs from ES FORM 3.14, Page 1 of 11, Column 5, Line 10		\$1,530,000
17	Monthly 2003 Plan Non-Fuel O&M Expenses from ES FORM 3.13		\$440,505
18	Monthly SO2 Emission Allowance Consumption		\$138,973
19	Total Operating Expenses [Line 12 thru Line 18]		<u>\$2,778,476</u>
20	Total Revenue Requirement - Big Sandy Record on ES FORM 3.00, Line 1		\$3,582,990

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SO2 EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		754,608		\$4,685,726	\$6.209
Additions -					
EPA Allowances	34,945	474,169	\$0	\$0	\$0.000
Gavin Reallocation	0	94,744	\$0	\$0	\$0.000
P & E Transfers In	0	327,201	\$0	\$4,855,695	\$14.840
Intercompany Purchases	0	67,631	\$0	\$21,114,805	\$312.206
Other (List)	0	433,206	\$0	\$67,152,857	\$155.014
SO2 Emissions Allowance Adjustment	0	4,106	\$0	(\$1,700,982)	(\$414.267)
Withdrawals -					
P & E Transfers Out	0	11,382	\$0	\$836,106	\$73.459
Intercompany Sales	0	59,987	\$0	\$4,855,950	\$80.950
Off - System Sales	0	303,050	\$0	\$29,780,273	\$98.269
SO2 Emissions Allowance Adjustment	0	0	\$0	\$0	\$0.000
SO2 Emissions Allowances Consumed By Kentucky Power - 1:1 (Year 2009 & Prior)	0		\$0		
SO2 Emissions Allowances Consumed By Kentucky Power - 2:1 (Years 2010 to 2014)	7,134	682,115	\$138,973	\$55,094,451	\$80.770
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		1,099,131		\$5,541,321	\$5.042
Expense Month Member Load Ratio for AEP/Kentucky Power					0.06598

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 SEASONAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	37,003	\$0	\$0	
P&E Transfers In	0	0		\$0	
Intercompany Purchases	0	0	\$0	\$0	\$0.000
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	2,425	\$0	\$0	\$0.000
ERC Consumed By Kentucky Power	0	930	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	6	23,693	\$0	\$0	\$0.000
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		9,955		\$0	\$0.000

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

Note : For any sale or transfer of ERCs or NOx emission allowances, attach to this report documentation showing the currently available market prices for similar ERC or NOx allowances.

Total Early Reduction Credits (ERC)	930
Consumed:	
June 2004	420
July 2004	510
Total Consumed	930
Remaining Early Reduction Credits (ERC)	0

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ANNUAL NOx EMISSIONS ALLOWANCE INVENTORY

For the Expense Month of November 2011

	(1) Allowance Activity in Month	(2) Cumulative Balance	(3) Dollar Value of Activity	(4) Cumulative Dollar Balance	(5) Weighted Average Cost
BEGINNING INVENTORY		0		\$0	\$0.000
Additions -					
EPA Allowances	0	44,729	\$0	\$0	\$0.000
P&E Transfers In	0	0	\$0	\$0	\$0.000
Intercompany Purchases	0	0	\$0	\$0	\$0.000
External Purchases	400	3,480	\$23,000	\$2,023,690	\$581.520
Other (List)	0	0	\$0	\$0	\$0.000
Withdrawals -					
P & E Transfers Out	0	0	\$0	\$0	\$0.000
Intercompany Sales	0	0	\$0	\$0	\$0.000
Off - System Sales	0	0	\$0	\$0	\$0.000
NOx Consumed By Kentucky Power	752	24,627	\$238,718	\$1,603,076	\$65.094
ENDING INVENTORY - Record Balance in Column (4) on ES FORM 3.10, Line 5		23,582		\$420,614	\$17.836

Columns 1 and 2 -

Record the number of allowances in any transaction (purchase, sale, transfer) which occurred during the Expense Month. Multiple transactions for a given category are to be shown as the total activity for that category during the Expense Month. For each transaction shown in Column 1, update the cumulative balance in Column 2.

Columns 3 and 4 -

For each transaction reflected in Column 1, record the total dollars of the transaction. Multiple transaction for a given category are to be shown as the total dollar amount for that category during the Expense Month. For each transaction shown in Column 3, update the cumulative dollar balance in Column 4. Include transactions that total zero dollars. Record amounts in whole dollars.

Column 5 -

Compute the Weighted Average Cost by dividing the Cumulative Dollar Balance (Co. 4) by the corresponding Cumulative Balance (Col. 2). Perform this calculation for the Beginning Inventory, Ending Inventory and all additions and withdrawals made during the Expense Month. The Weighted Average Cost should be carried out to 3 decimal places.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT

For the Expense Month of November 2011

	1997 Plan :		
1	Monthly Kentucky Air Emissions Fee	\$31,699	
	Total Monthly AEP Pool		
2	Environmental Capacity Costs	\$229,500	
3	Monthly SO2 Allowance Consumption	<u>\$138,973</u>	
4	Total 1997 Plan O&M Expenses		\$400,172
	2003 Plan :		
5	Monthly Variable Cladding at Big Sandy Unit 1	\$0	
6	Monthly Urea Consumption at Big Sandy Unit 2	\$186,028	
7	Monthly Catalyst Replacement at Big Sandy Unit 2	\$0	
8	Monthly ERC & NOx Allowance Consumption	\$238,718	
9	Equipment - Associated Operating Expenses	\$1,630	
10	Equipment - Associated Maintenance Expenses	<u>\$14,129</u>	
11	Total 2003 Plan O&M Expenses		<u>\$440,505</u>
12	Total Monthly O&M Expenses		<u>\$840,677</u>
13	Cash Working Capital Allowance (Line 12 X 1/8)		\$105,085

Total Cost at Line 11 is to be recorded on ES FORM 3.10, Line 7.

**Kentucky Power Company
 Environmental Equipment Operation and Maintenance Costs
 November 2011**

Work Description	Material Costs	Outside Contract Labor	Misc Other Costs	Total Costs
Ammonia on Demand (AOD)	\$702.50	\$0.00	\$0.00	\$702.50
Boiler Acoustic Horns	\$38.29	\$0.00	\$0.00	\$38.29
SCR Boiler Outlet Ductwork	\$5,146.08	\$100.58	\$0.00	\$5,246.66
SCR Acoustic Horns	(\$3,256.00)	\$0.00	\$204.18	(\$3,051.82)
SCR NOX Monitoring	\$3,510.56	\$0.00	\$0.00	\$3,510.56
Urea Solution Feed Pump	\$438.00	\$0.00	\$0.00	\$438.00
Total SCR November 2011 O & M Expense	\$6,579.43	\$100.58	\$204.18	\$6,884.19
Additional Operator Overtime During The Ozone Season	\$0.00	\$0.00	\$0.00	\$1,541.00
Emission Testing Required Under Permit -				
Operation	\$0.00	\$0.00	\$88.80	\$88.80
Maintenance	\$7,245.07	\$0.00	\$0.00	\$7,245.07
November 2011 O & M Expenses Filed				\$15,759.06

ES FORM 3.14
 Page 1 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS

For the Expense Month of November 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's Environmental Cost to KPCo (3)	Indiana Michigan Power Company's Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 26)	\$244,800		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 24)	\$165,750		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 26)	\$566,100		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 20)	\$5,100		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 23)	\$484,500		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 20)	\$45,900		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 20)	\$10,200		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Column 5, Line 21)		\$2,550	
9	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 20)		\$5,100	
10	Total AEP Pool Monthly Environmental Capacity Costs to Kentucky Power	\$1,522,350	\$7,650	\$1,530,000

Note: Cost in Column 5, Line 10 is to be recorded on ES FORM 3.10, Line 16.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 AEP POOL MONTHLY ENVIRONMENTAL CAPACITY COSTS
 WORKING CAPITAL ONLY

For the Expense Month of November 2011

Line No. (1)	Cost Component (2)	Ohio Power Company's (OPCo) Environmental Cost to KPCo (3)	Indiana Michigan Power Company's (I&M) Environmental Cost to KPCo (4)	Total (5)
1	Amos Unit No. 3 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 3 of 11, Line 19)	\$289,585		
2	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (ES FORM 3.14, Page 4 of 11, Line 17)	\$153,691		
3	Gavin Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 5 of 11, Line 17)	\$6,286,711		
4	Kammer Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 6 of 11, Line 10)	\$15,690		
5	Mitchell Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 7 of 11, Line 16)	\$1,063,600		
6	Muskingum River Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 8 of 11, Line 10)	\$115,602		
7	Sporn Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 9 of 11, Line 10)	\$13,207		
8	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 3 & 6, Line 10)		\$15,625	
9	Rockport Plant Environmental to Kentucky Power (ES FORM 3.14, Page 10 of 11, Columns 4 & 5, Line 10)		\$0	
10	Tanners Creek Plant Environmental Cost to Kentucky Power (ES FORM 3.14, Page 11 of 11, Line 10)		\$15,625	
11	Subtotal	\$7,938,086	\$31,250	
12	Steam Capacity By Company - OPCo (Column 3) / I&M (Column 4) (kw)	8,003,000	5,414,000	
13	Environmental Base (\$/kw)	\$0.99	\$0.01	
14	Company Surplus Weighting	91.00%	9.00%	
15	Portion of Weighted Average Capacity Rate Attributed to Environmental Fixed O&M Costs	\$0.90	\$0.00	
16	Kentucky Power Capacity Deficit (kw)	255,000	255,000	
17	Fixed O&M Environmental Cost to Kentucky Power	\$229,500	\$0	\$229,500

Note: Cost in Column 5, Line 17 is to be recorded on ES FORM 3.13, Line 2.

ES FORM 3.14
 Page 3 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - AMOS PLANT UNIT NO. 3

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$600,434,141
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$8,225,948
4	Ohio Power Company's Percentage Ownership - Environmental Investment	<u>100.00%</u>
5	OPCo's Share of Cost Associated with Amos Unit No. 3 (3) X (4)	\$8,225,948
	Operations :	
6	Disposal (5010000)	\$82,329
7	Urea (5020002)	\$0
8	Trona (5020003)	\$0
9	Lime Stone (5020004)	\$0
10	Air Emission Fee	<u>\$10,292</u>
11	Total Operations (Lines 6 thru 10)	\$92,621
	Maintenance :	
12	SCR Maintenance (5120000)	\$365,281
13	Scrubber (FGD) Maintenance (5120000)	<u>\$318,188</u>
14	Total Maintenance (12) + (13)	<u>\$683,469</u>
15	1/2 of Maintenance (14) * 50%	<u>\$341,735</u>
16	Fixed O&M (11) + (15)	\$434,356
17	Ohio Power Company's Percentage Ownership - O&M Cost	<u>66.67%</u>
18	OPCo's Share of O&M Cost Associated with Amos Unit No. 3 (16) X (17)	<u>\$289,585</u>
	Total Revenue Requirement,	
19	Cost Associated with Amos Unit No. 3 (5) + (18)	\$8,515,533
20	Ohio Power Company Steam Capacity (kw)	8,003,000
21	Amos Unit No. 3 Environmental Rate (\$/kw)	\$1.06
22	Ohio Power Surplus Weighing	91.00%
23	Portion of Weighted Average Capacity Rate Attributed to Amos Unit No. 3 SCR (\$/kw) (21) * (22)	\$0.96
	Amos Unit No. 3 Costs to Kentucky Power :	
24	Amos Unit No. 3 Portion (\$/kw) (23)	\$0.96
25	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Amos Unit No. 3 Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 1)	\$244,800

ES FORM 3.14
 Page 4 of 11

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - CARDINAL UNIT 1

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$400,962,145
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$5,493,181
	Operations :	
4	Disposal (5010000)	\$19,899
5	Lime (5020001)	\$0
6	Urea (5020002)	\$28,639
7	Trona (5020003)	\$18,081
8	Lime Stone (5020004)	\$44,772
9	Air Emission Fee	<u>\$8,622</u>
10	Total Operations (Line 4 thru 8)	\$120,013
	Maintenance :	
11	SCR Maintenance (5120000)	\$2,774
12	Scrubber (FGD) Maintenance (5120000)	<u>\$64,582</u>
13	Total Maintenance (13) + (14)	\$67,356
14	1/2 Maintenance (15) * 50%	<u>\$33,678</u>
15	Fixed O&M (12) + (16)	<u>\$153,691</u>
	Total Revenue Requirement,	
16	Cost Associated with Cardinal Unit No. 3 (3) + (17)	<u>\$5,646,872</u>
17	Ohio Power Company's Percentage Ownership	100.00%
18	OPCo's Share of Cost Associated with Cardinal Unit No. 1 (18) X (19)	\$5,646,872
19	Ohio Power Company Steam Capacity (kw)	8,003,000
20	Cardinal Unit No. 1 (\$/kw)	\$0.71
21	Ohio Power Surplus Weighing	91.00%
22	Portion of Weighted Average Capacity Rate Attributed to Cardinal Unit No. 1 (\$/kw) (22) X (23)	\$0.65
	Cardinal Unit No. 1 Costs to Kentucky Power :	
23	Cardinal Unit No. 1 Portion (\$/kw) (24)	\$0.65
24	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
25	Cardinal Unit No. 1 Environmental Cost to Kentucky Power (25) * (26) (ES FORM 3.14, Page 1 of 10, Line 2)	\$165,750

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - GAVIN PLANT (UNITS 1 & 2)

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$964,148,720
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$13,208,837
	Operations :	
4	Sludge Disposal (5010000)	\$843,035
5	Lime (5020001)	\$3,410,761
6	Urea (5020002)	\$952,800
7	Trona (5020003)	\$529,231
8	Lime Stone (5020004)	\$324
9	Air Emission Fee	\$34,947
10	Lease (5070005)	<u>\$0</u>
11	Total Operations (Lines 4 thru 10)	\$5,771,098
	Maintenance :	
12	SCR Maintenance (5120000)	\$110,282
13	Scrubber Maintenance (5120000)	<u>\$920,944</u>
14	Total Maintenance (12) + (13)	\$1,031,226
15	1/2 of Maintenance (13) * 50%	<u>\$515,613</u>
16	Fixed O&M (11) + (15)	<u>\$6,286,711</u>
	Total Revenue Requirement,	
17	Cost Associated with Gavin Plant (3) + (17)	\$19,495,548
18	Ohio Power Company's Percentage Ownership	100.00%
19	OPCo's Share of Cost Associated with Gavin Plant (17) X (18)	\$19,495,548
20	Ohio Power Company Steam Capacity (kw)	8,003,000
21	Gavin Plant (\$/kw)	\$2.44
22	Ohio Power Surplus Weighing	91.00%
23	Portion of Weighted Average Capacity Rate Attributed to Gavin Plant (\$/kw) (21) X (22)	\$2.22
	Gavin Plant Costs to Kentucky Power :	
24	Gavin Plant Portion (\$/kw) (23)	\$2.22
25	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Gavin Plant Environmental Cost to Kentucky Power (24) * (25)	
26	(ES FORM 3.14, Page 1 of 10, Line 3)	\$566,100

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - KAMMER PLANT (UNITS 1, 2 & 3)

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$8,451,624
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$115,787
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,690</u>
7	Total Operations (4) + (5) + (6)	\$15,690
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	\$15,690
	Total Revenue Requirement,	
11	Cost Associated with Kammer Plant (3) + (10)	<u>\$131,477</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Kammer Plant (11) X (12)	\$131,477
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Kammer Plant (\$/kw)	\$0.02
16	Ohio Power Surplus Weighing	91.00%
17	Portion of Weighted Average Capacity Rate Attributed to Kammer Plant (\$/kw) (15) X (16)	\$0.02
	Kammer Plant Costs to Kentucky Power :	
18	Kammer Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
20	Kammer Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 4)	\$5,100

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MITCHELL PLANT (UNITS 1 & 2)

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$1,143,093,101
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$15,660,375
	Operations :	
4	Disposal (5010000)	\$46,368
5	Urea (5020002)	\$477,738
6	Trona (5020003)	\$51,921
7	Lime Stone (5020004)	\$535,910
8	Air Emission Fee	<u>\$12,128</u>
9	Total Operations (Lines 4 thru 8)	\$1,124,065
	Maintenance :	
10	SCR Maintenance (5120000)	\$1,888
11	FDG (5120000)	<u>(\$122,819)</u>
12	1/2 of Maintenance (10 + 11) * 50%	<u>(\$60,466)</u>
13	Fixed O&M (9) + (12)	<u>\$1,063,600</u>
	Total Revenue Requirement,	
14	Cost Associated with Mitchell Plant (3) + (13)	<u>\$16,723,975</u>
15	Ohio Power Company's Percentage Ownership	100.00%
16	OPCo's Share of Cost Associated with Mitchell Plant (14) X (15)	\$16,723,975
17	Ohio Power Company Steam Capacity (kw)	8,003,000
18	Mitchell Plant (\$/kw)	\$2.09
19	Ohio Power Surplus Weighing	91.00%
20	Portion of Weighted Average Capacity Rate Attributed to Mitchell Plant (\$/kw) (18) X (19)	\$1.90
	Mitchell Plant Costs to Kentucky Power :	
21	Mitchell Plant Portion (\$/kw) (20)	\$1.90
22	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
23	Mitchell Plant Environmental Cost to Kentucky Power (21) * (22) (ES FORM 3.14, Page 1 of 10, Line 5)	\$484,500

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - MUSKINGUM RIVER PLANT (UNITS 1, 2, 3, 4 & 5)

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$108,672,817
2	Member Primary Capacity Investment Rate (16.44% / 12)	1.37%
3	Total Rate Base	\$1,488,818
	Operations :	
4	Urea (5020002)	\$76,152
5	Trona (5020003)	\$0
6	Air Emission Fee	\$34,561
7	Total Operations (4) + (5) + (6)	\$110,713
	Maintenance :	
8	SCR Maintenance (5120000)	\$9,777
9	1/2 of Maintenance (8) * 50%	\$4,889
10	Fixed O&M (7) + (9)	\$115,602
	Total Revenue Requirement,	
11	Cost Associated with Muskingum Plant (3) + (10)	\$1,604,420
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Muskingum Plant (11) X (12)	\$1,604,420
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Muskingum Plant (\$/kw)	\$0.20
16	Ohio Power Surplus Weighing	91.00%
17	Portion of Weighted Average Capacity Rate Attributed to Muskingum Plant (\$/kw) (15) X (16)	\$0.18
	Muskingum Plant Costs to Kentucky Power :	
18	Muskingum Plant Portion (\$/kw) (17)	\$0.18
19	Kentucky Power Capacity Deficit (kw)	255,000
20	Muskingum Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 6)	\$45,900

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 OHIO POWER COMPANY (OPCo) - SPORN PLANT (UNITS 2, 3, 4 & 5)

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$20,310,295
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$278,251
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$13,207</u>
7	Total Operations (4) + (5) + (6)	\$13,207
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	\$13,207
	Total Revenue Requirement,	
11	Cost Associated with Sporn Plant (3) + (10)	<u>\$291,458</u>
12	Ohio Power Company's Percentage Ownership	100.00%
13	OPCo's Share of Cost Associated with Sporn Plant (11) X (12)	\$291,458
14	Ohio Power Company Steam Capacity (kw)	8,003,000
15	Sporn Plant (\$/kw)	\$0.04
16	Ohio Power Surplus Weighing	91.00%
17	Portion of Weighted Average Capacity Rate Attributed to Sporn Plant (\$/kw) (15) X (16)	\$0.04
	Sporn Plant Costs to Kentucky Power :	
18	SpornGavin Plant Portion (\$/kw) (17)	\$0.04
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
	Sporn Plant Environmental Cost to Kentucky Power (18) * (19)	
20	(ES FORM 3.14, Page 1 of 10, Line 7)	\$10,200

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
CURRENT PERIOD REVENUE REQUIREMENT
INDIANA MICHIGAN POWER COMPANY (I&M) - ROCKPORT PLANT (UNITS 1 & 2)

For the Expense Month of November 2011

LINE NO.	COST	Rockport Plant Common	UNIT 1 AMOUNTS	UNIT 2 AMOUNTS	Rockport Plant Common	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Utility Plant at Original Cost					
2	Member Primary Capacity Investment Rate (16.44% / 12)	\$1,787,996	\$10,544,676	\$16,709,416	\$2,202,020	
3	Total Rate Base	1.37%	1.37%	1.37%	1.37%	
4	Operations :	\$24,496	\$144,462	\$228,919	\$30,168	
5	Urea (5020002)	\$0	\$0	\$0	\$0	
6	Trona (5020003)	\$0	\$0	\$0	\$0	
7	Air Emission Fee	\$15,625	\$0	\$0	\$0	
8	Total Operations (4) + (5) + (6)	\$15,625	\$0	\$0	\$0	
9	Maintenance :	\$0	\$0	\$0	\$0	
10	SCR Maintenance (5120000)	\$0	\$0	\$0	\$0	
11	1/2 of Maintenance (8) * 50%	\$0	\$0	\$0	\$0	
12	Fixed O&M (7) + (9)	\$15,625	\$0	\$0	\$0	
13	Total Revenue Requirement, Cost Associated with Rockport Plant (3) + (10) Indiana Michigan Power Company's Percentage Ownership I&M's Share of Cost Associated with Rockport Plant (11) X (12)	\$40,121	\$144,462	\$228,919	\$30,168	
14	Total Rockport Plant Common and Units 1 & 2	50%	85.00%	65.08%	50.00%	
15	Indiana Michigan Power Company Steam Capacity (kw)	\$20,061	\$122,793	\$148,980	\$15,084	\$306,918
16	Rockport Plant (\$/kw) (14) / (15)					5,414,000
17	Kentucky Power Portion of Rockport Plant / Indiana Michigan Power Surplus Weighing					\$0.06
18	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (17) X (18)					9.00%
19	Rockport Plant Costs to Kentucky Power :					\$0.01
20	Rockport Plant Portion (\$/kw) (18) Kentucky Power Capacity Deficit (kw)					\$0.01
21	Rockport Units 1 & 2 Environmental to Kentucky Power (19) * (20) (ES FORM 3.14, Page 1 of 10, Line 8)					<u>255.000</u>
						\$2,550

ES FORM 3.14
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KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 INDIANA MICHIGAN POWER COMPANY (I&M) - TANNERS CREEK (UNITS 1, 2, 3 & 4)

For the Expense Month of November 2011

LINE NO.	COST	AMOUNTS
1	Utility Plant at Original Cost	\$98,457,579
2	Member Primary Capacity Investment Rate (16.44% / 12)	<u>1.37%</u>
3	Total Rate Base	\$1,348,869
	Operations :	
4	Urea (5020002)	\$0
5	Trona (5020003)	\$0
6	Air Emission Fee	<u>\$15,625</u>
7	Total Operations (4) + (5) + (6)	\$15,625
	Maintenance :	
8	SCR Maintenance (5120000)	\$0
9	1/2 of Maintenance (8) * 50%	<u>\$0</u>
10	Fixed O&M (7) + (9)	<u>\$15,625</u>
	Total Revenue Requirement,	
11	Cost Associated with Tanners Creek Plant (3) + (10)	<u>\$1,364,494</u>
12	Indiana Michigan Power Company's Percentage Ownership	100.00%
13	I&M's Share of Cost Associated with Tanners Creek Plant (11) X (12)	\$1,364,494
14	Indiana Michigan Power Company Steam Capacity (kw)	5,414,000
15	Tanners Creek Plant (\$/kw)	\$0.25
16	Indiana Michigan Power Surplus Weighing	9.00%
17	Portion of Weighted Average Capacity Rate Attributed to Rockport Plant (\$/kw) (15) X (16)	\$0.02
	Tanners Creek Plant Costs to Kentucky Power :	
18	Tanners Creek Plant Portion (\$/kw) (17)	\$0.02
19	Kentucky Power Capacity Deficit (kw)	<u>255,000</u>
20	Tanners Creek Plant Environmental Cost to Kentucky Power (18) * (19) (ES FORM 3.14, Page 1 of 10, Line 9)	\$5,100

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 BIG SANDY PLANT COST OF CAPITAL

For the Expense Month of November 2011

LINE NO.	Component	Balances	Cap. Structure	Cost Rates		WACC (Net of Tax)	GRCF	WACC (PRE-TAX)	
		As of 4/30/2010							
1	L/T DEBT	\$550,000,000	51.941%	6.48%		3.37%		3.37%	
2	S/T DEBT	\$0	0.000%	0.83%		0.00%		0.00%	
3	ACCTS REC FINANCING	\$43,588,933	4.116%	1.22%		0.05%		0.05%	
4	C EQUITY	\$465,314,088	43.943%	10.50%	1/	4.61%	1.5762	7.27%	
5	TOTAL	\$1,058,903,021	100.000%			8.03%		10.69%	
1/	WACC = Weighted Average Cost of Capital Rate of Return on Common Equity per Case No. 2010 - 00020								
2/	Gross Revenue Conversion Factor (GRCF) Calculation: Case No. 2010 - 00020 dated - April 29, 2010								
1	OPERATING REVENUE						100.0000		
2	UNCOLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	STATE INCOME TAX EXPENSE, NET OF 199 DEDUCTION (SEE BELOW)						5.6384		
6	FEDERAL TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9716		
7	199 DEDUCTION PHASE-IN						5.6372		
8	FEDERAL TAXABLE PRODUCTION INCOME						88.3344		
9	FEDERAL INCOME TAX EXPENSE AFTER 199 DEDUCTION (35%)						30.9171		
10	AFTER-TAX PRODUCTION INCOME						57.4173		
11	GROSS-UP FACTOR FOR PRODUCTION INCOME:								
12	AFTER-TAX PRODUCTION INCOME						57.4173		
13	199 DEDUCTION PHASE-IN						5.6372		
14	UNCOLLECTIBLE ACCOUNTS EXPENSE						0.2400		
15	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
16	TOTAL GROSS-UP FACTOR FOR PRODUCTION INCOME (ROUNDED)						63.4445		
17	BLENDED FEDERAL AND STATE TAX RATE:								
18	FEDERAL (LINE 8)						30.9171		
19	STATE (LINE 4)						5.6384		
20	BLENDED TAX RATE						36.5555		
21	GROSS REVENUE CONVERSION FACTOR (100.0000 / Line 14)						1.5762		
	STATE INCOME TAX CALCULATION:								
1	PRE-TAX PRODUCTION INCOME						100.0000		
2	COLLECTIBLE ACCOUNTS EXPENSE (0.24%)						0.2400		
3	Kentucky Public Service Commission Assessment (0.15%)						0.1500		
4	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						99.6100		
5	LESS: STATE 199 DEDUCTION						5.6372		
6	STATE TAXABLE PRODUCTION INCOME BEFORE 199 DEDUCTION						93.9728		
7	STATE INCOME TAX RATE						6.0000		
8	STATE INCOME TAX EXPENSE (LINE 5 X LINE 6)						5.6384		

The WACC (PRE - TAX) value on Line 5 is to be recorded on ES FORM 3.10, Line 9.
 Weighted Average Cost of Capital Balances As of 4/30/2010 based on Case No. 2010-00318, dated September 7, 2010.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 COSTS ASSOCIATED WITH ROCKPORT

For the Expense Month of November 2011

LINE NO.	COST COMPONENT	(3)	Rockport Plant Common (4)	Unit No. 1 (5)	Unit No. 2 (6)	Total Units 1 & 2 (C5 + C6) (7)	Rockport Plant Common (8)	Total (9)
1	Return on Rate Base :							
2	Rockport Plant Continuous Environmental Monitoring System (CEMS)							
3	Utility Plant at Original Cost		\$1,777,206	\$5,272,657	\$8,353,084		\$2,185,292	
4	AEGCo Low NOx Burners (LNB) Installed Cost			(\$1,482,029)	(\$2,227,974)		(\$193,400)	
5	Fiyash Landfill Installed Cost			(\$544,737)	(\$854,936)		\$21,294	
6	Less Accumulated Depreciation							
7	Less Accum. Def. Income Taxes							
8	Total Rate Base		\$710,063	\$3,245,891	\$5,270,174	\$8,516,065	\$2,013,186	
9	Weighted Average Cost of Capital - ES FORM 3.21	11.7897%	0.9825%			0.9825%	0.9825%	
10	Monthly Weighted Avg. Cost of Capital (LINE 7 / 12)		\$6,976			\$83,670	\$19,780	
11	Monthly Return of Rate Base (Line 6 * Line 8)							
12	Operating Expenses :							
13	Monthly Depreciation Expense		\$5,212	\$15,466	\$24,502	\$39,968	\$6,410	
14	Monthly Indiana Air Emissions Fee		\$15,625	\$0	\$0	\$0	\$0	
15	Total Operating Expenses (Line 10 + Line 11)		\$20,837			\$39,968	\$6,410	
16	Total Revenue Requirement, Cost Associated with Rockport Plant		\$27,813			\$123,638	\$26,190	
17	CEMS and LNB (Line 9 + Line 12)		\$4,172				\$7,857	
18	Kentucky Power's Portion of Rockport's CEMS (Line 13 * 15%)							
19	Kentucky Power's Portion of AEGCo's LNB and Landfill (Line 13 * 30%)							
20	Kentucky Power's Portion of Rockport Plants'							
21	Total Revenue Requirement. (C 4, Ln 14 + C 7, Ln 15 + C 8, L 15)							\$49,120
22	Note: Cost in Column 8, Line 16 is to be Recorded on ES FORM 3.00 Line 2							

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 ROCKPORT UNIT POWER AGREEMENT COST OF CAPITAL

For the Expense Month of November 2011

LINE NO.	Component	Balances	Cap. Structures	Cost Rates		WACC (NET OF TAX)	GRCF		WACC (PRE - TAX)
		As of 11/30/2011							
1	L/T DEBT	66,487,612	41.4400%	5.3515%		2.2177%			2.2177%
2	S/T DEBT	19,241,852	11.9930%	0.4272%		0.0512%			0.0512%
3	CAPITALIZATION								
4	OFFSETS	0	0.0000%	4.2463%		0.0000%			0.0000%
5	DEBT C EQUITY	74,713,431	46.5670%	12.1600%	1/	5.6625%	1.681379	2/	9.5208%
6	TOTAL	160,442,895	100.0000%			7.9314%			11.7897%
WACC = Weighted Average Cost of Capital 1/ Cost Rates per the Provisions of the Rockport Unit Power Agreement 2/ Gross Revenue Conversion Factor (GRCF) Calculation:									
1	OPERATING REVENUE						100.00		
2	LESS: INDIANA ADJUSTED GROSS INCOME								
3	(LINE 1 X .085)						8.500		
4	INCOME BEFORE FED INC TAX						91.500		
5	LESS: FEDERAL INCOME TAX								
6	(LINE 4 X .35)						32.025		
7	OPERATING INCOME PERCENTAGE						59.475		
8	GROSS REVENUE CONVERSION								
9	FACTOR (100% / LINE 7)						1.681379		

The WACC (PRE - TAX) value on Line 6 is to be recorded on ES FORM 3.20, Line 5.

KENTUCKY POWER COMPANY - ENVIRONMENTAL SURCHARGE REPORT
 CURRENT PERIOD REVENUE REQUIREMENT
 MONTHLY REVENUES, JURISDICTIONAL ALLOCATION FACTOR,
 and OVER/(UNDER) RECOVERY ADJUSTMENT

For the Expense Month of November 2011

SCHEDULE OF MONTHLY REVENUES

Line No.	Description	Monthly Revenues	Percentage of Total Revenues
1	Kentucky Retail Revenues	\$42,852,396	83.3%
2	FERC Wholesale Revenues	\$437,049	0.8%
3	Associated Utilities Revenues	\$4,682,074	9.1%
4	Non-Assoc. Utilities Revenues	\$3,475,489	6.8%
5	Total Revenues for Surcharges Purposes	\$51,447,008	100.0%
6	Non-Physical Revenues for Month	(\$109,958)	
7	Total Revenues for Month	\$51,337,050	

The Kentucky Retail Monthly Revenues and Percentage of Total Revenues (Line 1) are to be recorded on ES FORM 1.00, Lines 9 and 4. The Percentage of Kentucky Retail Revenues to the Total Revenues for the Expense Month will be the Kentucky Retail Jurisdictional Allocation Factor.

OVER/(UNDER) RECOVERY ADJUSTMENT

Line No.	Description	Amounts
1	Kentucky Retail Surcharge Factor for September 2011	0.5174%
2	Kentucky Retail Revenues for Current Expense Month	\$41,071,318
3	Surcharge Collected (1) * (2)	\$212,503
4	Surcharge Amount To Be Collected	\$228,179
5	Over / (Under) Recovery (3) - (4) = (5)	(\$15,676)

The Over/(Under) Recovery amount is to be recorded on ES FORM 1.00, LINE 6.

NOTE : The sign on LINE 5 of ES FORM 3.30 will be changed on LINE 6 of ES FORM 1.00 in order to properly adjust the collection of the current month's expense.