AEP Transmission Formula Rate Template
Utilizing FERC Form 1 Data
For rates effective July 1, 2010

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SPP Zone 1 Projected AEP Revenue Requirements

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Revenue Requirement
A.	**AEP Network Integration Transmission Service (NITS)**				
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Line 1)	173,971,847	$68,984,046	$104,987,801
2	LESS: REVENUE CREDITS	(TCOS Line 5)	18,948,022	$7,799,284	$11,148,738
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6)	$155,023,825	$61,184,762	$93,839,063
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7)	25,551,107	5,901,758	19,649,349
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
8	SUBTOTAL		25,551,107	5,901,758	19,649,349
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	129,472,718	55,283,004	74,189,714
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(TCOS Line 15)	-	-	-
11	**EXISTING ZONAL ATRR FOR SPP OATT ATTACHMENT H, SEC. 1, COL. 3**	(Ln 9 + Ln 10)	**$129,472,718**	$55,283,004	$74,189,714
12	2009 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	7,626.86 MW		
13	**AEP Monthly NITS Rate in $/MW - Month**	(Line 11 / Line 12) / 12	**$1,414.66**		
B.	**Point-to-Point Service**				
14	Annual Point-to-Point Rate in $/MW - Year	(Line 11 / Line 12)	$16,975.89		
15	Monthly Point-to-Point Rate in $/MW - Month	(Line 14 / 12)	$1,414.66		
16	Weekly Point-to-Point Rate in $/MW - Weekly	(Line 14 / 52)	$326.46		
17	Daily On-Peak Point-to-Point Rate in $/MW - Day	(Line 14 / 260)	$65.29		
18	Daily Off-Peak Point-to-Point Rate in $/MW - Day	(Line 14 / 365)	$46.51		
19	Hourly On-Peak Point-to-Point Rate in $/MW - Hour	(Line 14 / 4160)	$4.08		
20	Hourly Off-Peak Point-to-Point Rate in $/MW - Hour	(Line 14 / 8760)	$1.94		

AEP Transmission Formula Rate Template
Utilizing FERC Form 1 Data
For rates effective July 1, 2010

SPP SCHEDULE 1 AEP Revenue Requirements

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A.	**Schedule 1 ARR For 2010 Projected Year**				
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)		$14,192,484	$7,016,178	$7,176,306
2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)		$8,966,313	$4,560,362	$4,405,951
3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)		$0	$0	$0
4	Total 561 Internally Developed Costs	(Line 1 - Line 2 - Line 3)	$5,226,171	$2,455,816	$2,770,355
5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)		198,467	$106,788	$91,679
6	PROJECTED ZONAL ARR FOR 2008	(Line 4 - Line 5)	$5,027,704	$2,349,028	$2,678,676

B.	**Schedule 1 Projected 7/1/2010 Rate Calculations**			
7	2009 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	7,626.86	MW
8	Annual Point-to-Point Rate in $/MW - Year	(Line 6 / Line 7)	$659.21	
9	Monthly Point-to-Point Rate (ln 8 / 12) $/MW - Month	(Line 8 / 12)	$54.93	
10	Weekly Point-to-Point Rate (ln 8 / 52) $/MW - Weekly	(Line 8 / 52)	$12.68	
11	Daily Off-Peak Point-to-Point Rate (ln 8 / 365) $/MW - Day	(Line 8 / 365)	$1.81	
12	Hourly Off-Peak Point-to-Point Rate (ln 8 / 8760) $/MW - Hour	(Line 8 / 8760)	$0.08	

AEP Transmission Formula Rate Template
Calculation of True-Up Rate For Schedule 9
For Calendar Year 2009

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SPP Zone 1 Trued-Up AEP Revenue Requirements (if such had been effective)

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A. Network Service					
1	TRUE-UP YEAR 2009 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	157,455,555	$64,727,801	$92,727,754
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	18,948,022	$7,799,284	$11,148,738
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	$138,507,533	$56,928,517	$81,579,016
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	14,119,296	4,277,375	9,841,921
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
8	SUBTOTAL		14,119,296	4,277,375	9,841,921
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	124,388,237	52,651,142	71,737,095
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-	-
11	**TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2009**	**(Line 9 + Line 10)**	**124,388,237**	**52,651,142**	**71,737,095**
12	2009 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	7,626.86 MW		
13	**Monthly NITS Rate in $/MW - Month**	**(Line 11 / Line 12) /12**	**1,359.10**		

AEP Transmission Formula Rate Template
Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
For Calendar Year 2009 and Projected Year 2010

AEP Schedule 11 Revenue Requirement Including True-Up of Prior Collections

PUBLIC SERVICE COMPANY OF OKLAHOMA

Note: Some project's final trued-up cost may not meet SPP's $100,000 threshold for socialization. In that case a true-up of the pirior year ARR will be made in columns (H) through (O), but no projected ARR will be shown in columns (E) through (G) for the current year.

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)		(Q) = (G) + (P)
				Projected ARR For 2010 From WS-F			True-Up ARR CY2009 From Worksheet G (includes adjustment for SPP Collections)										
								Base ARR			Incentive ARR						
Sheet Name	Owner	Project Description	Year in Service	Base ARR (WS-F)	Incentive	Total	TRUE-UP Adjustment (WS-G)	Projected ADJUSTED ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True-up	As Billed	Change	Interest	Total Adjustments (True-Up, Billing, & Interest)		Total ADJUSTED Revenue Requirement Effective 7/1/2010
P.001	PSO	Riverside-Glenpool (81-523) Reconductor	2009	157,609	-	157,609	24,314	56,729	48,150	8,579	-	-	-	4,849	37,742		**195,352**
P.002	PSO	Craig Jct. to Broken Bow Dam 138 Rebuild (7.7mi)	2009	1,042,452	-	1,042,452	(205,133)	750,999	637,429	113,570	-	-	-	(13,499)	(105,061)		**937,391**
P.003	PSO	WFEC New 138 kV Ties: Sayre to Erick (WFEC) Line & Atoka and Tupelo station work	2009	2,088,985	-	2,088,985	573,675	388,620	329,851	58,769	-	-	-	93,241	725,686		**2,814,671**
P.004	PSO	Cache-Snyder to Altus Jct. 138 kV line (w/2 ring bus stations)	2008	2,265,626	-	2,265,626	(93,652)	3,517,163	2,985,279	531,884	-	-	-	64,608	502,841		**2,768,466**
P.005	PSO	Catoosa 138 kV Device (Cap. Bank)	2006	58,225	-	58,225	(2,273)	156,575	132,897	23,678	-	-	-	3,156	24,561		**82,786**
P.006	PSO	Pryor Junction 138/69 Upgrade Transf	2008	235,821	-	235,821	(9,739)	387,829	329,180	58,649	-	-	-	7,211	56,122		**291,943**
P.007	PSO	Elk City - Elk City 69 kV line (CT Upgrades)*	2007	13,022	-	13,022	212	15,661	13,293	2,368	-	-	-	380	2,961	*	**15,983**
P.008	PSO	Weleetka & Okmulgee Wavetrap replacement 81-805*	2006	8,405	-	8,405	152	10,236	8,688	1,548	-	-	-	251	1,951	*	**10,356**
P.009	PSO	Tulsa Southeast Upgrade (repl switches)*	2007	11,066	-	11,066	188	13,458	11,423	2,035	-	-	-	328	2,550	*	**13,616**
P.010	PSO	Wavetrap Clinton City-Foss Tap 69kV Ckt 1	2010	20,546	-	20,546	-	-	-	-	-	-	-	-	-		**20,546**
		PSO Totals		5,901,758	-	5,901,758	287,745	5,297,270	4,496,188	801,082	-	-	-	160,525	1,249,352		**$ 7,151,110**

*<$100K investment

Informational ONLY																
SWEPCO Totals				19,649,349	-	19,649,349	2,129,976	7,311,435	6,084,560	1,226,875	-	-	-	369,357	3,726,208	$ 23,375,557
AEP TOTALS				25,551,107	-	25,551,107	2,417,721	12,608,705	10,580,748	2,027,957	-	-	-	529,882	4,975,560	$ 30,526,666

AEP Transmission Formula Rate Template
Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
For Calendar Year 2009 and Projected Year 2010

AEP Schedule 11 Revenue Requirement Including True-Up of Prior Collections

SOUTHWESTERN ELECTRIC POWER COMPANY

Note: Some project's final trued-up cost may not meet SPP's $100,000 threshold for socialization. In that case a true-up of the pirior year ARR will be made in columns (H) through (O), but no projected ARR will be shown in columns (E) through (G) for the current year.

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)		(R) = (G) + (P)
				Projected ARR For 2010 From WS-F			True-Up ARR CY2009 From Worksheet G (includes adjustment for SPP Collections)										
							Base ARR				Incentive ARR						
Sheet Name	Owner	Project Description	Year in Service	Base ARR	Incentive	Total	TRUE-UP Adjustment (WS-G)	Projected ADJUSTED ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True-up	As Billed	Change	Interest	Total Adjustments (Forecast, Billing, & Interest)		Total ADJUSTED Revenue Requirement Effective 7/1/2010
S.001	SWE	Arsenal Hill Auto xfmr & AH to Water Works line	2009	3,203,552	-	3,203,552	882,249	115,677	98,184	17,493	-	-	-	98,999	998,742		**4,202,294**
S.002	SWE	SW Shreveport (sub work & tap)	2009	1,525,426	-	1,525,426	(1,199,662)	2,087,310	1,771,656	315,654	-	-	-	(97,268)	(981,277)		**544,149**
S.003	SWE	[NW Ark Area Improve - 2009] E. Centerton-Flint Crk, E Rogers-N Rogers, Centerton	2009	2,155,332	-	2,155,332	772,295	173,170	146,982	26,188	-	-	-	87,858	886,341		**3,041,673**
S.004	SWE	Rebuild N. Magazine - Danville 161 kV Line	2009	3,234,607	-	3,234,607	1,152,942	509,785	432,693	77,092	-	-	-	135,342	1,365,376		**4,599,983**
S.005	SWE	[Greenwood, AR Area Improve] N Huntington, Greenwood, Reeves, Bonanza	2009	1,243,161	-	1,243,161	512,954	26,962	22,885	4,077	-	-	-	56,889	573,921		**1,817,082**
S.006	SWE	Port Robson-Caplis Line (SW 138 kV Loop -- 2009)	2009	1,029,780	-	1,029,780	(1,210,043)	1,739,394	1,476,354	263,040	-	-	-	(104,199)	(1,051,202)		**(21,422)**
S.007	SWE	Linwood 138 Station Switch Replacement*	2009	10,503	-	10,503	5,540	-		-	-	-	-	610	6,150	*	**16,653**
S.008	SWE	Dyess to S. Fayetteville 69 kV Convert to 161 kV (multi-projects)	2008	1,019,661	-	1,019,661	(50,998)	584,289	495,930	88,359	-	-	-	4,111	41,472		**1,061,133**
S.009	SWE	Northwest Texarkana-Bann-Alumax Tap 138kV -- reconductor	2008	296,568	-	296,568	(14,751)	344,208	292,155	52,053	-	-	-	4,104	41,407		**337,974**
S.010	SWE	Tontitown - Elm Springs REC 161 kV line***	2008	-	-	-	-	(101,477)	(101,477)	-	-	-	-	-	-		**-**
S.011	SWE	Siloam Springs - Chamber Springs 161 kV line***	2007	-	-	-	-	(699,987)	(699,987)	-	-	-	-	-	-		**-**
S.012	SWE	Knox Lee - Oak Hill #2 138 kV line, S. Shreveport (SWE Minor Proj II)	2007	19,377	-	19,377	(948)	39,514	33,539	5,976	-	-	-	553	5,581		**24,958**
S.013	SWE	Carthage REC - Carthage T 138 kV	2006	588,554	-	588,554	(27,897)	1,152,668	978,355	174,312	-	-	-	16,110	162,526		**751,079**
S.014	SWE	NW Henderson - Oak Hill 138 kV line*	2007	8,465	-	8,465	8,815	8,869	7,528	1,341	-	-	-	1,117	11,273	*	**19,738**
S.015	SWE	Arsenal Hill 138kV Device (Cap. Bank)	2007	38,731	-	38,731	(1,894)	156,551	132,877	23,675	-	-	-	2,397	24,177		**62,909**
S.016	SWE	Daingerfield - Jenkins REC 69 kV CB Repl**	2008	50,181	-	50,181	52,190	-		-	-	-	-	5,743	57,933		**108,114**
S.017	SWE	Linwood-McWillie 138 kV Rebuild	2008	522,836	-	522,836	317,612	188,406	159,914	28,492	-	-	-	38,082	384,186		**907,022**
S.018	SWE	Port Robson (SW 138 kV Loop -- 2008)	2009	1,029,780	-	1,029,780	529,351	-		-	-	-	-	58,245	587,596		**1,617,376**
S.019	SWE	Wallace Lake-Prt Robson-Red Point 138 kV Loop	2008	865,165	-	865,165	411,686	703,769	597,342	106,428	-	-	-	57,008	575,122		**1,440,287**
S.020	SWE	[NW Ark Area Improve - 2008] Elm Springs, East Rogers, Shipe Road Stations	2008	187,890	-	187,890	(9,466)	282,326	239,631	42,695	-	-	-	3,656	36,885		**224,775**
S.021	SWE	Reconductor 4 mi. of McNabb-Turk	2010	367,914	-	367,914	-	-	-	-	-	-	-	-	-		**367,914**
S.022	SWE	Longwood: r&r switches, upgrade bus	2010	28,937	-	28,937	-	-	-	-	-	-	-	-	-		**28,937**
S.023	SWE	Reconductor: Greggton-Lake Lamond & Quitman-Westwood 69 kV lines	2010	1,212,652	-	1,212,652	-	-		-	-	-	-	-	-		**1,212,652**
S.024	SWE	Rebuild/reconductor Dyess-Elm Springs REC [Dyess Station-Flint Creek]	2010	997,217	-	997,217	-	-	-	-	-	-	-	-	-		**997,217**
S.025	SWE	Replace switch at Diana*	2010	13,059	-	13,059	-	-	-	-	-	-	-	-	-	*	**13,059**
		SWEPCO Totals		19,649,349	-	19,649,349	2,129,976	7,311,435	6,084,560	1,226,875	-	-	-	369,357	3,726,208		**$ 23,375,557**

*<$100K investment, **AI xfer, ***Non-BPU (to be removed from list in future).

Informational ONLY															
PSO Totals	5,901,758	-	5,901,758	287,745	5,297,270	4,496,188	801,082	-	-	-	160,525	1,249,352	$	7,151,110
AEP TOTALS	25,551,107	-	25,551,107	2,417,721	12,608,705	10,580,748	2,027,957	-	-	-	529,882	4,975,560	$	30,526,666

AEP Companies: PSO and SWEPCO
Network Load for January Through December, 2009
Based on West Zone-SPP Monthly Transmission System Firm Peak Demands [1] for the Twelve Months Ended December 31, 2009

Historical Combined Load Worksheet

Line No.		Peak Day / Peak Hour	1/16/2009 800	2/4/2009 800	3/2/2009 800	4/23/2009 1700	5/13/2009 1700	6/24/2009 1600	7/13/2009 1700	8/4/2009 1700	9/8/2009 1600	10/1/2009 1500	11/17/2009 1900	12/10/2009 800	12 Month Average MW	LRS
	SPP Load Responsibility															
1	**PSO** (5) (8)		2,669.40	2,598.98	2,416.23	2,458.53	2,807.90	4,004.14	4,050.77	4,000.41	3,267.24	2,489.15	2,165.75	2,714.38	2,970.24	38.9%
2	**SWEPCO** (5)		2,874.00	2,673.00	2,572.00	2,442.00	2,754.00	3,581.00	3,638.31	3,430.00	3,182.00	2,477.00	2,219.00	2,827.00	2,889.11	37.9%
3	**AECC** (5)		687.00	629.00	614.00	402.00	441.00	760.00	761.00	739.00	594.00	381.00	513.00	721.00	603.50	7.9%
4	**WFEC**		34.00	32.00	29.00	22.00	24.00	35.00	30.00	34.00	26.00	24.00	28.00	41.00	29.92	0.4%
5	**OMPA** (5)		87.00	79.00	75.00	93.00	108.00	160.00	167.00	159.00	129.00	92.00	69.00	93.00	109.25	1.4%
6	**OG&E** (7)		6.00	3.00	3.00	4.00	2.00	4.00	2.00	2.00	-	3.00	5.00	4.00	3.17	0.04%
7	**NTEC** (5)		721.00	631.00	633.00	391.00	475.00	656.00	696.00	621.00	545.00	369.00	473.00	708.00	576.58	7.6%
8	**ETEC** (5)		90.00	82.00	84.00	48.00	64.00	88.00	95.00	84.00	74.00	52.00	57.00	90.00	75.67	1.0%
9	**TEXLA (5)**		105.00	89.00	85.00	63.00	80.00	109.00	113.00	105.00	91.00	71.00	64.00	112.00	90.58	1.2%
10	**Greenbelt** (5)		4.00	3.00	3.00	4.00	3.00	6.00	6.00	9.00	4.00	4.00	4.00	5.00	4.58	0.06%
11	**Lighthouse** (5)		2.00	2.00	1.00	2.00	1.00	2.00	2.00	4.00	3.00	1.00	1.00	3.00	2.00	0.03%
12	**Bentonville, AR**		90.00	87.00	81.00	80.00	87.00	130.00	118.93	128.00	106.00	77.00	75.00	90.00	95.83	1.3%
13	**Prescott, AR** (Entergy) (5)		12.00	14.00	6.00	9.00	11.00	13.00	16.00	13.00	10.00	11.00	7.00	12.00	11.17	0.15%
14	**Minden, LA** (Entergy) (5) (6)		-	-	-	25.00	30.00	40.00	41.00	38.00	36.00	26.00	20.00	23.00	23.25	0.3%
15	**Hope, AR** (5)		44.00	42.00	39.00	40.00	43.00	58.00	60.20	57.00	49.00	38.00	35.00	43.00	45.68	0.6%
16	**Coffeyville, KS** (5)		95.00	96.00	90.00	91.00	96.00	106.00	102.00	107.00	93.00	93.00	92.00	95.00	96.33	1.3%
17	**Zone 1 - System Firm Peak Demands**		**7,520.40**	**7,060.98**	**6,731.23**	**6,174.53**	**7,026.90**	**9,752.14**	**9,899.21**	**9,530.41**	**8,209.24**	**6,208.15**	**5,827.75**	**7,581.38**	**7,626.86**	
		Supporting Data														
18	**PSO:**	PSO Native Load (5)	2,620.00	2,550.00	2,373.00	2,433.00	2,776.00	3,948.00	3,992.00	3,944.00	3,231.00	2,461.00	2,132.00	2,664.00		
19		KAMO	33.00	33.00	29.00	19.00	24.00	40.00	42.00	40.00	25.00	21.00	23.00	33.00		
20		GRDA load on PSO	16.40	15.98	14.23	6.53	7.90	16.14	16.77	16.41	11.24	7.15	10.75	17.38		
21		**PSO Load Responsibility**	**2669.40**	**2598.98**	**2416.23**	**2458.53**	**2807.90**	**4004.14**	**4050.77**	**4000.41**	**3267.24**	**2489.15**	**2165.75**	**2714.38**		
22	**SWEPCO:**	SWEPCO Native Load (3) (5) (6)	2,848.00	2,649.00	2,549.00	2,423.00	2,734.00	3,556.00	3,611.00	3,405.00	3,158.00	2,459.00	2,200.00	2,802.00		
23		CLECO (9)	20.00	18.00	17.00	12.00	14.00	19.00	21.31	19.00	18.00	12.00	13.00	19.00		
24		Lafayette	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00		
25		Dolet Hills Aux. Load (10)	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
26		**SWEPCO Load Responsibility**	**2874.00**	**2673.00**	**2572.00**	**2442.00**	**2754.00**	**3581.00**	**3638.31**	**3430.00**	**3182.00**	**2477.00**	**2219.00**	**2827.00**		

Notes:

(1) MW, at the time of the AEP-SPP Internal (MLR) Peak
(5) At the generator. Transmission losses added to metered values which include appropriate dist.& xfmr losses.
(6) SWEPCO Native load includes Minden from Jan through Mar. Minden converted to SPP network service March 18, 2009.
(7) OG&E includes Atoka and Coalgate
(8) reserved.
(9) Formerly LaGen/Cajun) -- [Robson Rd]
(10) Not self-generated

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Line No.			Total	Allocator			Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 120)					$68,984,046
2	REVENUE CREDITS	(Note A)					
3	Transmission Credits	(Worksheet H)	7,274,858	DA	1.00000	$	7,274,858
4	Assoc. Business Development	(Worksheet H)	524,426	DA	1.00000	$	524,426
5	Total Revenue Credits		7,799,284			$	7,799,284
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)					$61,184,762

MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.

7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		5,901,758	DA	1.00000	$	5,901,758
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)						
9	Annual Rate	(ln 1/ (Sum of lns 46, 47, 48, 49, 51)) x 100%					17.16%
10	Monthly Rate	(ln 9 / 12)					1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)						
12	Annual Rate	((ln 1 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%					14.41%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)						
14	Annual Rate	((ln 1 - ln 95 - ln 117 - ln 118) / (Sum of lns 46, 47, 48, 49, 51)) x 100%					5.35%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)						-

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	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
16	Production	(Worksheet A ln 1.C)	1,298,027,706	NA	0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(10,417,110)	NA	0.00000	-
18	Transmission	(Worksheet A ln 3.C & Hist. Template Ln 169)	617,290,679	DA		562,365,402
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	0.91618	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		37,981,042	DA	1.00000	37,981,042
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.91618	-
22	Distribution	(Worksheet A ln 5.C)	1,596,276,226	NA	0.00000	-
23	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
24	General Plant	(Worksheet A ln 7.C)	146,119,892	W/S	0.07023	10,262,546
25	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(498,452)	W/S	0.07023	(35,008)
26	Intangible Plant	(Worksheet A ln 9.C)	67,001,250	W/S	0.07023	4,705,748
27	TOTAL GROSS PLANT	(sum lns 16 to 26)	3,751,781,233			615,279,730
28	ACCUMULATED DEPRECIATION AND AMORTIZATION					
29	Production	(Worksheet A ln 12.C)	709,153,941	NA	0.00000	-
30	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(1,278,975)	NA	0.00000	-
31	Transmission	(Worksheet A ln 14.C & 28.C)	201,175,326	**TP1=**	0.92817	186,725,105
32	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.92817	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		320,790	DA	1.00000	320,790
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
35	Plus: Additional Transmission Depreciation for 2010 (ln 95)		12,047,747	TP1	0.92817	11,182,369
36	Plus: Additional General & Intangible Depreciation for (ln 97+ln 98)		16,030,832	W/S	0.07023	1,125,905
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
38	Distribution	(Worksheet A ln 16.C)	455,790,252	NA	0.00000	-
39	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
40	General Plant	(Worksheet A ln 18.C)	80,447,150	W/S	0.07023	5,650,104
41	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(271,745)	W/S	0.07023	(19,086)
42	Intangible Plant	(Worksheet A ln 20.C)	50,258,146	W/S	0.07023	3,529,817
43	TOTAL ACCUMULATED DEPRECIATION	(sum lns 29 to 42)	1,523,673,464			208,515,005
44	NET PLANT IN SERVICE					
45	Production	(ln 16 + ln 17 - ln 29 - ln 30)	579,735,630			-
46	Transmission	(ln 18 + ln 19 - ln 31 - ln 32)	416,115,353			375,640,297
47	Plus: Transmission Plant-in-Service Additions (ln 20 - ln 33)		37,660,252			37,660,252
48	Plus: Additional Trans Plant on Transferred Assets (ln 21 - ln 34)		-			-
49	Plus: Additional Transmission Depreciation for 2010 (-ln 35)		(12,047,747)			(11,182,369)
50	Plus: Additional General & Intangible Depreciation for 2010 (-ln 36)		(16,030,832)			(1,125,905)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 37)		-			-
52	Distribution	(ln 22 + ln 23 - ln 38 - ln 39)	1,140,485,974			-
53	General Plant	(ln 24 + ln 25 - ln 40 - ln 41)	65,446,035			4,596,519
54	Intangible Plant	(ln 26 - ln 42)	16,743,104			1,175,931
55	TOTAL NET PLANT IN SERVICE	(sum lns 45 to 54)	2,228,107,770			406,764,725
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
58	Account No. 282.1 (enter negative)	(Worksheet C, ln 1.C & ln 3.J)	(514,008,214)	DA		(81,772,109)
59	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & ln 12.J)	(141,293,221)	DA		(17,277,680)
60	Account No. 190.1	(Worksheet C, ln 19.C & ln 21.J)	81,963,172	DA		4,244,640
61	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & ln 30.J)	(214,690)	DA		(33,368)
62	TOTAL ADJUSTMENTS	(sum lns 57 to 61)	(573,552,953)			(94,838,517)
63	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	78,478	DA		-
64	WORKING CAPITAL	(Note F)				
65	Cash Working Capital	(1/8 * ln 80) (Note G)	1,306,172			1,196,688
66	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	243,172	TP	0.91618	222,789
67	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	835,381	W/S	0.07023	58,672
68	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	0.15542	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	72,462,338	W/S	0.07023	5,089,301
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	3,764,573	GP(h)	0.15542	585,106
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	(71,724,584)	NA	0.00000	-
73	TOTAL WORKING CAPITAL	(sum lns 65 to 72)	6,887,052			7,152,556
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7.(B))	(3,424,795)	DA	1.00000	(3,424,795)
75	RATE BASE (sum lns 55, 62, 63, 73, 74)		1,658,095,552			315,653,968

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Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
76	Transmission	321.112.b	37,021,457			
77	Less: Total Account 561	(Note I) 321.84-92.b	7,016,178			
78	Less: Account 565	(Note J) 321.96.b	19,555,901			
79	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	$0			
80	Total O&M Allocable to Transmission	(lns 76 - 77 - 78 - 79)	10,449,378	TP	0.91618	9,573,505
81	Administrative and General	323.197.b (Note K)	62,759,996			
82	Less: Acct. 924, Property Insurance	323.185.b	1,770,739			
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,671,430			
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	604,338			
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,348,372			
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	55,365,117	W/S	0.07023	3,888,499
87	Plus: Acct. 924, Property Insurance	(ln 82)	1,770,739	GP(h)	0.15542	275,216
88	Acct. 928 - Transmission Specific	Worksheet J ln 21.(E) (Note L)	14,668	TP	0.91618	13,438
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 32.(E) (Note L)	-	TP	0.91618	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 38.(E) (Note L)	383,770	DA	1.00000	383,770
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	3,663,798	W/S	0.07023	257,322
92	A & G Subtotal	(sum lns 86 to 90 less ln 91)	53,870,496			4,303,600
93	TOTAL O & M EXPENSE	(ln 80 + ln 92)	64,319,874			13,877,105
94	DEPRECIATION AND AMORTIZATION EXPENSE					
95	Transmission	336.7.f	12,047,747	TP	0.91618	11,037,897
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		320,790	DA	1.00000	320,790
97	General	336.10.f	5,511,551	W/S	0.07023	387,097
98	Intangible	336.1.f	10,519,281	W/S	0.07023	738,808
99	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 95 to 98)	28,399,369			12,484,593
100	TAXES OTHER THAN INCOME	(Note N)				
101	Labor Related					
102	Payroll	Worksheet L, Col. D	3,970,758	W/S	0.07023	278,881
103	Plant Related					
104	Property	Worksheet L, Col. C	36,982,628	GP(h)	0.15542	5,747,997
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	14,201	NA	0.00000	-
106	Other	Worksheet L, Col. E	176,733	GP(h)	0.15542	27,469
107	TOTAL OTHER TAXES	(sum lns 102 to 106)	41,144,320			6,054,347
108	INCOME TAXES	(Note O)				
109	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.85%			
110	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		36.51%			
111	where WCLTD=(ln 147) and WACC = (ln 150)					
112	and FIT, SIT & p are as given in Note O.					
113	GRCF=1 / (1 - T) = (from ln 109)		1.6091			
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(770,132)			
115	Income Tax Calculation	(ln 110 * ln 118)	51,479,963			9,800,312
116	ITC adjustment	(ln 113 * ln 114)	(1,239,189)	NP(h)	0.17191	(213,025)
117	TOTAL INCOME TAXES	(sum lns 115 to 116)	50,240,773			9,587,287
118	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 150)	141,010,609			26,844,387
119	INTEREST ON IPP CONTRIBUTION FOR CONST.	(Note E) (Worksheet E, ln 2)	136,327	DA	1.00000	136,327
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		325,251,272			68,984,046
121	(sum lns 93, 99, 107, 117, 118, 119)					
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		325,251,272			68,984,046

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
124	Total transmission plant	(ln 18, 19, 20, 21)						655,271,721
125	Less transmission plant excluded from SPP Tariff (Note Q)							35,920,833
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							19,004,444
127	Transmission plant included in SPP Tariff	(ln 124 - ln 125 - ln 126)						600,346,444
128	Percent of transmission plant in SPP Tariff	(ln 127 / ln 124)					**TP=**	**0.91618**
129	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
130	Production	354.20.b	22,040,827	9,998,166	32,038,993	NA	0.00000	-
131	Transmission	354.21.b	2,678,663	2,494,568	5,173,231	TP	0.91618	4,739,608
132	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
133	Distribution	354.23.b	15,465,730	1,663,018	17,128,748	NA	0.00000	-
134	Other (Excludes A&G)	354.24,25,26.b	7,549,039	5,593,336	13,142,375	NA	0.00000	-
135	Total	(sum lns 130 to 134)	47,734,259	19,749,089	67,483,348			4,739,608
136	Transmission related amount						**W/S=**	**0.07023**
137	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
138		Long Term Interest (Worksheet M, ln. 19, col. (D))						60,945,254
139		Preferred Stock Dividends (Worksheet M, ln. 23, col. (D))						212,245
140	Development of Common Stock:							
141		Proprietary Capital (112.16.c)						817,000,233
142		Less Preferred Stock (ln 148)						5,257,700
143		Less Account 216.1 (112.12.c)						-
144		Less Account 219.1 (112.15.c)						(598,712)
145		Common Stock (ln 141 - ln 142 - ln 143 - ln 144)						812,341,245
				Capital Structure Percentages			Cost	
146		$		Actual	Cap Limit		(Note T)	Weighted
147	Long Term Debt (Worksheet M, ln. 19, col. (B))	971,360,000		54.30%	0.00%		0.0627	0.0341
148	Preferred Stock (Worksheet M, ln. 23, col. (B))	5,257,700		0.29%	0.00%		0.0404	0.0001
149	Common Stock (ln 145) (Note U)	812,341,245		45.41%	0.00%		11.2%	0.0509
150	Total (sum lns 147 to 149)	1,788,958,945					**WACC=**	**0.0850**
151	Capital Structure Equity Limit (Note U)	52.5%						

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Letter	Notes
	General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.# b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.
A	The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
C	This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
D	The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
E	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
F	Identified as being transmission related or functionally booked to transmission.
G	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
I	Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
J	Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
K	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
L	Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
N	Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 109) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 4.39% (State Income Tax Rate or Composite SIT. Worksheet K)) p = 0.00% (percent of federal income tax deductible for state purposes)
P	Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 138) / long term debt (ln 147). Preferred Stock cost rate = preferred dividends (ln 139) / preferred outstanding (ln 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator			Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(ln 271)					$65,567,596
153	REVENUE CREDITS	(Note A)					
154	Transmission Credits	(Worksheet H)	7,274,858	DA	1.00000	$	7,274,858
155	Assoc. Business Development	(Worksheet H)	524,426	DA	1.00000	$	524,426
156	Total Revenue Credits		7,799,284			$	7,799,284
157	REVENUE REQUIREMENT For All Company Facilities	(ln 152 less ln 156)				$	57,768,312

MEMO: The Carrying Charge Calculations on lines 160 to 165 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 158 is included in the total on line 157.

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		5,901,758	DA	1.00000	$	5,901,758
159	NET PLANT CARRYING CHARGE (w/o incentives)	(Note B)					
160	Annual Rate	(ln 152/ ln 197 x 100%)					17.45%
161	Monthly Rate	(ln 160 / 12)					1.45%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives)	(Note B)					
163	Annual Rate	((ln 152 - ln 246) / ln 197 x 100%)					14.53%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN	(Note B)					
165	Annual Rate	((ln 152 - ln 246 - ln 268 - ln 269) / ln 197 x 100%)					5.62%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)						-

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
167	Production	(Worksheet A ln 1.C)	1,298,027,706	NA	0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(10,417,110)	NA	0.00000	-
169	Transmission	(Worksheet A ln 3.C & Ln 278)	617,290,679	DA		562,365,402
170	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	0.91102	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		**N/A**	NA	0.00000	**N/A**
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		**N/A**	NA	0.00000	**N/A**
173	Distribution	(Worksheet A ln 5.C)	1,596,276,226	NA	0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
175	General Plant	(Worksheet A ln 7.C)	146,119,892	W/S	0.06984	10,204,776
176	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(498,452)	W/S	0.06984	(34,811)
177	Intangible Plant	(Worksheet A ln 9.C)	67,001,250	W/S	0.06984	4,679,258
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	3,713,800,191	**GP(h)=**	**0.155424**	577,214,625
				GTD=	**0.27887**	
179	ACCUMULATED DEPRECIATION AND AMORTIZATION					
180	Production	(Worksheet A ln 12.C)	709,153,941	NA	0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(1,278,975)	NA	0.00000	-
182	Transmission	(Worksheet A ln 14.C & 28.C)	201,175,326.000	**TP1=**	0.92817	186,725,105.160
183	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.92817	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		**N/A**	DA	1.00000	**N/A**
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		**N/A**	DA	1.00000	**N/A**
186	Plus: Additional Transmission Depreciation for 2010 (ln 246)		**N/A**	TP1	0.92817	**N/A**
187	Plus: Additional General & Intangible Depreciation for 2010 (ln 248+ln 249)		**N/A**	W/S	0.06984	**N/A**
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		**N/A**	DA	1.00000	**N/A**
189	Distribution	(Worksheet A ln 16.C)	455,790,252	NA	0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
191	General Plant	(Worksheet A ln 18.C)	80,447,150	W/S	0.06984	5,618,298
192	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(271,745)	W/S	0.06984	(18,978)
193	Intangible Plant	(Worksheet A ln 20.C)	50,258,146	W/S	0.06984	3,509,947
194	TOTAL ACCUMULATED DEPRECIATION	(sum lns 180 to 193)	1,495,274,095			195,834,372
195	NET PLANT IN SERVICE					
196	Production	(ln 167 + ln 168 - ln 180 - ln 181)	579,735,630			-
197	Transmission	(ln 169 + ln 170 - ln 182 - ln 183)	416,115,353			375,640,296.680
198	Plus: Transmission Plant-in-Service Additions (ln 171 - ln 184)		**N/A**			**N/A**
199	Plus: Additional Trans Plant on Transferred Assets (ln 172 - ln 185)		**N/A**			**N/A**
200	Plus: Additional Transmission Depreciation for 2010 (-ln 186)		**N/A**			**N/A**
201	Plus: Additional General & Intangible Depreciation for 2010 (-ln 187)		**N/A**			**N/A**
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 188)		**N/A**			**N/A**
203	Distribution	(ln 173 + ln 174 - ln 189 - ln 190)	1,140,485,974			-
204	General Plant	(ln 175 + ln 176 - ln 191 - ln 192)	65,446,035			4,570,645
205	Intangible Plant	(ln 177 - ln 193)	16,743,104			1,169,311
206	TOTAL NET PLANT IN SERVICE	(sum lns 196 to 205)	2,218,526,097	**NP(h)=**	**0.171907**	381,380,253
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
209	Account No. 282.1 (enter negative)	(Worksheet C, ln 1.C & ln 3.J)	(514,008,214)	DA		(81,772,109)
210	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & Ln 12.J)	(141,293,221)	DA		(17,277,680)
211	Account No. 190.1	(Worksheet C, ln 19.C & Ln 21.J)	81,963,172	DA		4,244,640
212	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & Ln 30.J)	(214,690)	DA		(33,368)
213	TOTAL ADJUSTMENTS	(sum lns 208 to 212)	(573,552,953)			(94,838,517)
214	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	78,478	DA		-
215	WORKING CAPITAL	(Note F)				
216	Cash Working Capital	(1/8 * ln 231) (Note G)	1,306,172			1,189,952
217	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	243,172	TP	0.91102	221,535
218	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	835,381	W/S	0.06984	58,342
219	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	0.15542	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	72,462,338	W/S	0.06984	5,060,652
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	3,764,573	GP(h)	0.15542	585,106
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	(71,724,584)	NA	0.00000	-
224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	6,887,052			7,115,586
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7.(B))	(3,424,795)	DA	1.00000	(3,424,795)
226	RATE BASE (sum lns 206, 213, 214, 224, 225)		1,648,513,879			290,232,527

AEP West SPP Member Companies
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PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)		(5)
Line No.	**EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION**	**Data Sources (See "General Notes")**	**TO Total**	**Allocator**		**Total Transmission**
	OPERATION & MAINTENANCE EXPENSE					
227	Transmission	321.112.b	37,021,457			
228	Less: Total Account 561	(Note I) 321.84-92.b	7,016,178			
229	Less: Account 565	(Note J) 321.96.b	19,555,901			
230	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	-			
231	Total O&M Allocable to Transmission	(lns 227 - 228 - 229 - 230)	10,449,378	TP	0.91102	9,519,613
232	Administrative and General	323.197.b (Note K)	62,759,996			
233	Less: Acct. 924, Property Insurance	323.185.b	1,770,739			
234	Acct. 928, Reg. Com. Exp.	323.189.b	1,671,430			
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	604,338			
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,348,372			
237	Balance of A & G	(ln 232 - sum ln 233 to ln 236)	55,365,117	W/S	0.06984	3,866,610
238	Plus: Acct. 924, Property Insurance	(ln 233)	1,770,739	GP(h)	0.15542	275,216
239	Acct. 928 - Transmission Specific	Worksheet J ln 21.(E) (Note L)	14,668	TP	0.91102	13,363
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 32.(E) (Note L)	-	TP	0.91102	-
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 38.(E) (Note L)	383,770	DA	1.00000	383,770
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	3,663,798	W/S	0.06984	255,874
243	A & G Subtotal	(sum lns 237 to 241 less ln 242)	53,870,496			4,283,084
244	TOTAL O & M EXPENSE	(ln 231 + ln 243)	64,319,874			13,802,698
245	DEPRECIATION AND AMORTIZATION EXPENSE					
246	Transmission	336.7.f	12,047,747	TP	0.91102	10,975,763
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A			N/A
248	General	336.10.f	5,511,551	W/S	0.06984	384,918
249	Intangible	336.1.f	10,519,281	W/S	0.06984	734,649
250	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 246 to 249)	28,078,579			12,095,330
251	TAXES OTHER THAN INCOME	(Note N)				
252	Labor Related					
253	Payroll	Worksheet L, Col. D	3,970,758	W/S	0.06984	277,311
254	Plant Related					
255	Property	Worksheet L, Col. C	36,982,628	GP(h)	0.15542	5,747,997
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	14,201	NA	0.00000	-
257	Other	Worksheet L, Col. E	176,733	GP(h)	0.15542	27,469
258	TOTAL OTHER TAXES	(sum lns 253 to 257)	41,144,320			6,052,777
259	INCOME TAXES	(Note O)				
260	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.85%			
261	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		36.51%			
262	where WCLTD=(ln 298) and WACC = (ln 301)					
263	and FIT, SIT & p are as given in Note O.					
264	GRCF=1 / (1 - T) = (from ln 260)		1.6091			
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(770,132)			
266	Income Tax Calculation	(ln 261 * ln 269)	51,182,474			9,011,037
267	ITC adjustment	(ln 264 * ln 265)	(1,239,189)	NP(h)	0.17191	(213,025)
268	TOTAL INCOME TAXES	(sum lns 266 to 267)	49,943,285			8,798,011
269	RETURN ON RATE BASE (Rate Base*WACC)	(ln 226 * ln 301)	140,195,748			24,682,453
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E)	(Worksheet E, ln 2)	136,327	DA	1.00000	136,327
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		323,818,132			65,567,596
272	(sum lns 244, 250, 258, 268, 269, 270)					
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		323,818,132			65,567,596

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF		
275	Total transmission plant	(ln 169)	617,290,679
276	Less transmission plant excluded from SPP Tariff (Worksheet A, ln 23a Col. (C)) (Note Q)		35,920,833
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)		19,004,444
278	Transmission plant included in SPP Tariff	(ln 275 - ln 276 - ln 277)	562,365,402
279	Percent of transmission plant in SPP Tariff	(ln 278 / ln 275)	**TP=** **0.91102**

				Payroll Billed from				
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total			
281	Production	354.20.b	22,040,827	9,998,166	32,038,993	NA	0.00000	-
282	Transmission	354.21.b	2,678,663	2,494,568	5,173,231	TP	0.91102	4,712,927
283	Regional Market Expenses	354.22.b	0		-	NA	0.00000	-
284	Distribution	354.23.b	15,465,730	1,663,018	17,128,748	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	7,549,039	5,593,336	13,142,375	NA	0.00000	-
286	Total	(sum lns 281 to 285)	47,734,259	19,749,089	67,483,348			4,712,927
287	Transmission related amount						**W/S=**	**0.06984**

			$
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)		
289		Long Term Interest (Worksheet M, ln. 19, col. (D))	60,945,254
290		Preferred Stock Dividends (Worksheet M, ln. 23, col. (D))	212,245
291	Development of Common Stock:		
292		Proprietary Capital (112.16.c)	817,000,233
293		Less Preferred Stock (ln 299)	5,257,700
294		Less Account 216.1 (112.12.c)	-
295		Less Account 219.1 (112.15.c)	(598,712)
296		Common Stock (ln 292 - ln 293 - ln 294 - ln 295)	812,341,245

			Capital Structure Percentages		Cost	
297		$	Actual	Cap Limit	(Note T)	Weighted
298	Long Term Debt (Worksheet M, ln. 19, col. (B))	971,360,000	54.30%	0.00%	0.0627	0.0341
299	Preferred Stock (Worksheet M, ln. 23, col. (B))	5,257,700	0.29%	0.00%	0.0404	0.0001
300	Common Stock (ln 296) (Note U)	812,341,245	45.41%	0.00%	11.2%	0.0509
301	Total (sum lns 298 to 300)	1,788,958,945			**WACC=**	**0.0850**
302	Capital Structure Equity Limit (Note U)	52.5%				

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Letter	Notes
	General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.# b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.
A	The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
C	This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
D	The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
E	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
F	Identified as being transmission related or functionally booked to transmission.
G	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
I	Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
J	Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
K	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
L	Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
N	Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 260) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 4.39% (State Income Tax Rate or Composite SIT. Worksheet K)) p = 0.00% (percent of federal income tax deductible for state purposes)
P	Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 289) / long term debt (ln 298). Preferred Stock cost rate = preferred dividends (ln 290) / preferred outstanding (ln 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				$64,727,801
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	7,274,858	DA	1.00000	$ 7,274,858
4	Assoc. Business Development	(Worksheet H)	524,426	DA	1.00000	$ 524,426
5	Total Revenue Credits		7,799,284			$ 7,799,284
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				$56,928,517

MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.

7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		4,277,375	DA	1.00000	$ 4,277,375
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1/ ln 39 x 100%)				17.50%
10	Monthly Rate	(ln 9 / 12)				1.46%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100%)				14.60%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100%)				5.62%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

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	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
16	Production	(Worksheet A ln 1.E)	1,282,192,126	NA	0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.E)	(10,417,110)	NA	0.00000	-
18	Transmission	(Worksheet A ln 3.E & Ln 114)	619,977,787	DA		551,915,616
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E)	-	TP	0.89022	-
20	Distribution	(Worksheet A ln 5.E)	1,532,378,724	NA	0.00000	-
21	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.E)	-	NA	0.00000	-
22	General Plant	(Worksheet A ln 7.E)	154,635,189	W/S	0.06824	10,552,859
23	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	(503,628)	W/S	0.06824	(34,369)
24	Intangible Plant	(Worksheet A ln 9.E)	69,052,508	W/S	0.06824	4,712,390
25	TOTAL GROSS PLANT	(sum lns 16 to 24)	3,647,315,594	**GP(TU)=**	**0.15550**	567,146,496
				GTD=	**0.28805**	
26	ACCUMULATED DEPRECIATION AND AMORTIZATION					
27	Production	(Worksheet A ln 12.E)	702,660,766	NA	0.00000	-
28	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.E)	(1,089,224)	NA	0.00000	-
29	Transmission	(Worksheet A ln 14.E & 28.E)	201,533,922	**TP1=**	0.90330	182,044,949
30	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.90330	-
31	Distribution	(Worksheet A ln 16.E)	441,833,102	NA	0.00000	-
32	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.E)	-	NA	0.00000	-
33	General Plant	(Worksheet A ln 18.E)	88,545,972	W/S	0.06824	6,042,694
34	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	(266,505)	W/S	0.06824	(18,187)
35	Intangible Plant	(Worksheet A ln 20.E)	48,509,338	W/S	0.06824	3,310,451
36	TOTAL ACCUMULATED DEPRECIATION	(sum lns 27 to 35)	1,481,727,369			191,379,907
37	NET PLANT IN SERVICE					
38	Production	(ln 16 + ln 17 - ln 27 - ln 28)	570,203,474			-
39	Transmission	(ln 18 + ln 19 - ln 29 - ln 30)	418,443,866			369,870,667
40	Distribution	(ln 20 + ln 21 - ln 31 - ln 32)	1,090,545,623			-
41	General Plant	(ln 22 + ln 23 - ln 33 - ln 34)	65,852,094			4,493,983
42	Intangible Plant	(ln 24 - ln 35)	20,543,170			1,401,939
43	TOTAL NET PLANT IN SERVICE	(sum lns 38 to 42)	2,165,588,225	**NP(TU)=**	**0.17352**	375,766,589
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
46	Account No. 282.1 (enter negative)	(Worksheet C, ln 7.C & ln 9.J)	(478,989,678)	DA		(76,141,436)
47	Account No. 283.1 (enter negative)	(Worksheet C, ln 16.C & Ln 18.J)	(139,215,004)	DA		(16,275,516)
48	Account No. 190.1	(Worksheet C, ln 25.C & Ln 27.J)	72,495,880	DA		3,602,046
49	Account No. 255 (enter negative)	(Worksheet C, ln 34.C & Ln 36.J)	(219,920)	DA		(34,197)
50	TOTAL ADJUSTMENTS	(sum lns 45 to 49)	(545,928,722)			(88,849,103)
51	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	39,239	DA		-
52	WORKING CAPITAL	(Note F)				
53	Cash Working Capital	(1/8 * ln 68) (Note G)	1,306,172			1,162,779
54	Transmission Materials & Supplies	(Worksheet D, ln 2.(F))	239,746	TP	0.89022	213,426
55	A&G Materials & Supplies	(Worksheet D, ln 3.(F))	804,624	W/S	0.06824	54,910
56	Stores Expense	(Worksheet D, ln 4.(F))	-	GP(TU)	0.15550	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 7.G)	73,951,345	W/S	0.06824	5,046,704
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 7.F)	2,580,190	GP(TU)	0.15550	401,212
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 7.E)	-	DA	1.00000	-
60	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 7.D)	(73,209,663)	NA	0.00000	-
61	TOTAL WORKING CAPITAL	(sum lns 53 to 60)	5,672,413			6,879,031
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 8.(B))	(4,675,086)	DA	1.00000	(4,675,086)
63	RATE BASE (sum lns 43, 50, 51, 61, 62)		1,620,696,070			289,121,432

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
64	Transmission	321.112.b	37,021,457			
65	Less: Total Account 561	(Note I) 321.84-92.b	7,016,178			
66	Less: Account 565	(Note J) 321.96.b	19,555,901			
67	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	$0			
68	Total O&M Allocable to Transmission	(lns 64 - 65 - 66 - 67)	10,449,378	TP	0.89022	9,302,228
69	Administrative and General	323.197.b (Note K)	62,759,996			
70	Less: Acct. 924, Property Insurance	323.185.b	1,770,739			
71	Acct. 928, Reg. Com. Exp.	323.189.b	1,671,430			
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	604,338			
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	3,348,372			
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	55,365,117	W/S	0.06824	3,778,314
75	Plus: Acct. 924, Property Insurance	(ln 70)	1,770,739	GP(TU)	0.15550	275,345
76	Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	14,668	TP	0.89022	13,057
77	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	-	GP(TU)	0.15550	-
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 38.(E) (Note L)	383,770	DA	1.00000	383,770
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	3,663,798	W/S	0.06824	250,031
80	A & G Subtotal	(sum lns 74 to 78 less ln 79)	53,870,496			4,200,455
81	TOTAL O & M EXPENSE	(ln 68 + ln 80)	64,319,874			13,502,683
82	DEPRECIATION AND AMORTIZATION EXPENSE					
83	Transmission	336.7.f	12,047,747	TP	0.89022	10,725,126
84	General	336.10.f	5,511,551	W/S	0.06824	376,128
85	Intangible	336.1.f	10,519,281	W/S	0.06824	717,873
86	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 83 to 85)	28,078,579			11,819,127
87	TAXES OTHER THAN INCOME	(Note N)				
88	Labor Related					
89	Payroll	Worksheet L, Col. D	3,970,758	W/S	0.06824	270,979
90	Plant Related					
91	Property	Worksheet L, Col. C	36,982,628	GP(TU)	0.15550	5,750,686
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	14,201	NA	0.00000	-
93	Other	Worksheet L, Col. E	176,733	GP(TU)	0.15550	27,481
94	TOTAL OTHER TAXES	(sum lns 89 to 93)	41,144,320			6,049,146
95	INCOME TAXES	(Note O)				
96	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.85%			
97	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		36.81%			
98	where WCLTD=(ln 134) and WACC = (ln 137)					
99	and FIT, SIT & p are as given in Note O.					
100	GRCF=1 / (1 - T) = (from ln 96)		1.6091			
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(770,132)			
102	Income Tax Calculation	(ln 97 * ln 105)	50,433,388			8,996,982
103	ITC adjustment	(ln 100 * ln 101)	(1,239,189)	NP(TU)	0.17352	(215,021)
104	TOTAL INCOME TAXES	(sum lns 102 to 103)	49,194,198			8,781,961
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	136,992,515			24,438,556
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		136,327	DA	1.00000	136,327
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		319,865,813			64,727,801
108	(sum lns 81, 86, 94, 104, 105, 106)					
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		319,865,813			64,727,801

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
111	Total transmission plant	(ln 18)						619,977,787
112	Less transmission plant excluded from SPP Tariff (Worksheet A, ln 23a Col. (E)) (Note Q)							49,057,727
113	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (E)) (Note R)							19,004,444
114	Transmission plant included in SPP Tariff	(ln 111 - ln 112 - ln 113)						551,915,616
115	Percent of transmission plant in SPP Tariff	(ln 114 / ln 111)					**TP=**	**0.89022**
116	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
117	Production	354.20.b	22,040,827	9,998,166	32,038,993	NA	0.00000	-
118	Transmission	354.21.b	2,678,663	2,494,568	5,173,231	TP	0.89022	4,605,305
119	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
120	Distribution	354.23.b	15,465,730	1,663,018	17,128,748	NA	0.00000	-
121	Other (Excludes A&G)	0	7,549,039	5,593,336	13,142,375	NA	0.00000	-
122	Total	(sum lns 117 to 121)	47,734,259	19,749,089	67,483,348			4,605,305
123	Transmission related amount						**W/S=**	**0.06824**
124	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
125	Long Term Interest	Long Term Interest (Worksheet N, ln. 19, col. (E))						57,354,216
126	Preferred Dividends	Preferred Stock Dividends (Worksheet N, ln. 47, col. (E))						212,325
127	Development of Common Stock:							Average
128	Proprietary Capital	(Worksheet N, ln. 1, col. (E))						785,253,733
129	Less Preferred Stock (ln 135)	(Worksheet N, ln. 2, col. (E))						5,259,700
130	Less Account 216.1	(Worksheet N, ln. 3, col. (E))						-
131	Less Account 219	(Worksheet N, ln. 4, col. (E))						(651,413)
132	Common Stock	(ln 128 - ln 129 - ln 130 - ln 131)						780,645,446
				Capital Structure Percentages			Cost	
133		2010 Avg Balances		Actual	Cap Limit		(Note S)	Weighted
134	Avg Long Term Debt (Worksheet N, ln. 10, col. (E))	929,510,000		54.19%	0.00%		6.17%	0.0334
135	Avg Preferred Stock (Worksheet N, ln. 46, col. (E))	5,259,700		0.31%	0.00%		4.04%	0.0001
136	Avg Common Stock (ln 132) (Note U)	780,645,446		45.51%	0.00%		11.20%	0.0510
137	Total (sum lns 134 to 136)	1,715,415,146					**WACC=**	**0.0845**
138	Capital Structure Equity Limit (Note U)	52.5%						

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter	Notes
	General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.# b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.
A	The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
C	This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the trued-up revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
D	The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
E	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
F	Identified as being transmission related or functionally booked to transmission.
G	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
I	Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
J	Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
K	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
L	Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
N	Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 96) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 4.39% (State Income Tax Rate or Composite SIT. Worksheet K) p = 0.00% (percent of federal income tax deductible for state purposes)
P	Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 125) / long term debt (ln 134). Preferred Stock cost rate = preferred dividends (ln 126) / preferred outstanding (ln 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
PUBLIC SERVICE COMPANY OF OKLAHOMA

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balances @ 12/31/2009	(D) Balances 12/31/2008	(E) Average Balance for 2009
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	**Production Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	1,298,027,706	1,266,356,545	1,282,192,126
2	**Production Asset Retirement Obligation (ARO)**	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	10,417,110	10,417,110	10,417,110
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	617,290,679	622,664,895	619,977,787
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	**Distribution Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	1,596,276,226	1,468,481,222	1,532,378,724
6	**Distribution Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	-	-	-
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	146,119,892	163,150,485	154,635,189
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	498,452	508,804	503,628
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	67,001,250	71,103,765	69,052,508
10	**Total Property Investment Balance**	(Sum of Lines: 1, 3, 5, 7, 9)	3,724,715,753	3,591,756,912	3,658,236,333
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 2, 4, 6, 8)	10,915,562	10,925,914	10,920,738
Accumulated Depreciation & Amortization Balances					
12	**Production Accumulated Depreciation**	FF1, page 219, lns 20-24, Col. (b)	709,153,941	696,167,590	702,660,766
13	**Production ARO Accumulated Depreciation**	Company Records	1,278,975	899,472	1,089,224
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	201,175,326	201,892,517	201,533,922
15	**Transmission ARO Accumulated Depreciation**	Company Records	-	-	-
16	**Distribution Accumulated Depreciation**	FF1, page 219, ln 26, Col. (b)	455,790,252	427,875,951	441,833,102
17	**Distribution ARO Accumulated Depreciation**	Company Records	-	-	-
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	80,447,150	96,644,793	88,545,972
19	**General ARO Accumulated Depreciation**	Company Records	271,745	261,264	266,505
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	50,258,146	46,760,529	48,509,338
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 12, 14, 16, 18, 20)	1,496,824,815	1,469,341,380	1,483,083,098
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 13, 15, 17, 19)	1,550,721	1,160,736	1,355,728
Generation Step-Up Units					
23	**GSU Investment Amount**	Company Records	19,004,444	19,004,444	19,004,444
24	**GSU Accumulated Depreciation**	Company Records	2,941,412	2,719,650	2,830,531
25	**GSU Net Balance**	(Line 23 - Line 24)	16,063,032	16,284,794	16,173,913
Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)					
23a	**Excluded Facilities Investment Amount**	Company Records	35,920,833	62,194,621	49,057,727
24a	**Excluded Facilities Accumulated Depreciation**	Company Records	11,508,809	21,808,074	16,658,442
25a	**Excluded Facilities Net Balance**	(Line 23a - Line 24a)	24,412,024	40,386,547	32,399,286
Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation					
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	201,175,326	201,892,517	201,533,922
27	**Less: GSU/Excluded Facilities Accum. Depr.**	(Line 24 + Line 24a)	14,450,221	24,527,724	19,488,972
28	**Subtotal of Transmission Accumulated Depreciation Net of GSU/Excluded Facilities**	(Line 26 - Line 27)	186,725,105	177,364,793	182,044,949
Plant Held For Future Use					
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	78,478	-	39,239
30	**Transmission Plant Held For Future**	Company Records	-	-	-

AEP West SPP Member Companies
2010 Cost of Service Formula Rate Projected on 2009 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
PUBLIC SERVICE COMPANY OF OKLAHOMA

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2009) (P.206, ln 58,(b)):	622,664,895
2	Transmission Plant @ End of Historic Period (2009) (P.207, ln 58,(g)):	617,290,679
3		1,239,955,574
4	Average Balance of Transmission Investment	619,977,787
5	Annual Depreciation Expense, Historic TCOS, ln 246	12,047,747
6	Composite Depreciation Rate	1.94%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	$ 2,533,519	2.00%	$ 50,670	$ 4,223	11	$ 46,453
10	February	$ 2,795,361	2.00%	$ 55,907	$ 4,659	10	$ 46,590
11	March	$ 2,813,898	2.00%	$ 56,278	$ 4,690	9	$ 42,210
12	April	$ 2,663,644	2.00%	$ 53,273	$ 4,439	8	$ 35,512
13	May	$ 3,450,676	2.00%	$ 69,014	$ 5,751	7	$ 40,257
14	June	$ 3,403,901	2.00%	$ 68,078	$ 5,673	6	$ 34,038
15	July	$ 2,223,172	2.00%	$ 44,463	$ 3,705	5	$ 18,525
16	August	$ 2,266,802	2.00%	$ 45,336	$ 3,778	4	$ 15,112
17	September	$ 6,136,148	2.00%	$ 122,723	$ 10,227	3	$ 30,681
18	October	$ 2,299,524	2.00%	$ 45,990	$ 3,833	2	$ 7,666
19	November	$ 2,247,761	2.00%	$ 44,955	$ 3,746	1	$ 3,746
20	December	$ 5,146,638	2.00%	$ 102,933	$ 8,578	0	$ -
21	Investment	$ 37,981,042				Depreciation Expense	$ 320,790

III. Plant Transferred

22	$ -	<== This input area is for original cost plant
23	$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	$ -	<== This input area is for additional Depreciation Expense

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Rate base (E)+(F)+(G)+(H)
		Account 282 - Form-1 page 274-275, Ln 2 Col. (k)							
		282 Balance to Use in Projection							
1	282.1	2009 Year End Tax Deferrals - WS C-1	(514,008,214)	15,143,782	-	(523,649,392)	-	(5,502,604)	
2	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	15.5424%	27.8867%	6.9838%	
3	282.1	**Allocated Total**		0	0	(81,387,816)	0	(384,293)	**(81,772,109)**
		282 Balance to Use in True-Up							
4	282.1	2009 Year End Tax Deferrals - WS C-1	(514,008,214)	15,143,782	-	(523,649,392)	-	(5,502,604)	
5	282.1	2008 Year End Tax Deferrals - WS C-2	(443,971,142)	13,265,060	-	(450,160,543)	-	(7,075,659)	
6		**Subtotal**	(957,979,355)	28,408,842	-	(973,809,935)	-	(12,578,263)	
7		**Average Balance**	(478,989,678)	14,204,421	0	(486,904,967)	0	(6,289,131)	
8		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	15.5497%	28.8046%	6.8244%	
9		**Allocated Total**		0	0	(75,712,243)	0	(429,193)	**(76,141,436)**
		Account 283 - Form-1 page 276-277, Ln 9, Col (k)							
		283 Balance to Use in Projection							
10	282.1	2009 Year End Tax Deferrals - WS C-1	(141,293,221)	(22,275,220)	-	(91,067,039)	(5,604,992)	(22,345,970)	
11	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	15.5424%	27.8867%	6.9838%	
12	282.1	**Allocated Total**		0	0	(14,154,027)	(1,563,047)	(1,560,606)	**(17,277,680)**
		283 Balance to Use in True-Up							
13	282.1	2009 Year End Tax Deferrals - WS C-1	(141,293,221)	(22,275,220)	-	(91,067,039)	(5,604,992)	(22,345,970)	
14	282.1	2008 Year End Tax Deferrals - WS C-2	(137,136,786)	(32,402,382)	-	(77,090,888)	(6,264,841)	(21,378,676)	
15		**Subtotal**	(278,430,007)	(54,677,602)	-	(168,157,927)	(11,869,833)	(43,724,646)	
16		**Average Balance**	(139,215,004)	(27,338,801)	0	(84,078,963)	(5,934,916)	(21,862,323)	
17		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	15.5497%	28.8046%	6.8244%	
18		**Allocated Total**		0	0	(13,074,023)	(1,709,529)	(1,491,963)	**(16,275,516)**
		Account 190 - Form-1 page 234, Ln 8, Col. (c)							
		190 Balance to Use in Projection							
19	190.1	2009 Year End Tax Deferrals - Ws C-1	81,963,172	52,036,769	-	25,175,052	-	4,751,351	
20	190.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	15.5424%	27.8867%	6.9838%	
21	190.1	**Allocated Total**		0	0	3,912,814	0	331,827	**4,244,640**
		190 Balance to Use in True-Up							
22	190.1	2009 Year End Tax Deferrals - Ws C-1	81,963,172	52,036,769	-	25,175,052	-	4,751,351	
23	190.1	2008 Year End Tax Deferrals - Ws C-2	63,028,587	41,142,310	-	16,865,823	-	5,020,454	
24		**Subtotal**	144,991,759	93,179,079	-	42,040,875	-	9,771,805	
25		**Average Balance**	72,495,880	46,589,539	0	21,020,437	0	4,885,903	
26		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	15.5497%	28.8046%	6.8244%	
27		**Allocated Total**		0	0	3,268,614	0	333,431	**3,602,046**
		Account 255 - Form-1 page 266-267				Pre 1971 ITC Includable in Rate Base			
		255 Balance to Use in Projection							
28	255.0	Acc Defrd ITC - Federal - 12/31/2009 (FF1 p. 267, Ln 2.h)	(214,690)			(214,690)			
29	255.0	**Transmission Allocator from Historic TCOS [GP or W/S]**				15.5424%			
30	255.0	**Allocated Total**		N/A	N/A	(33,368)	N/A	N/A	**(33,368)**
		255 Balance to Use in True-Up							
31	255.0	Acc Defrd ITC - Federal - 12/31/2009 (FF1 p. 267, Ln 2.h)	(214,690)			(214,690)			
32	255.0	Acc Defrd ITC - Federal - 12/31/2008 (FF1 p. 266, Ln 2.b)	(225,150)			(225,150)			
33		**Subtotal**	(439,840)			(439,840)			
34		**Average Balance**	(219,920)			(219,920)			
35		**Transmission Allocator from True-Up TCOS [GP or W/S]**				15.5497%			
36		**Allocated Total**		N/A	N/A	(34,197)	N/A	N/A	**(34,197)**

* Exclusions: Non-utility, fuel supply, off-system sales and other items as specified related to costs not included in rates.

Worksheet C-1 - ADIT & ITC Details

PUBLIC SERVICE COMPANY OF OKLAHOMA
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2009

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method PTD Plant	T&D	Labor
2821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		
2821001	230A	ACRS BENEFIT NORMALIZED	(200,146,536)	PTD			(200,146,536)		
2821001	230G	ACRS-ACCRUED BK REMOVAL COSTS	(16,947,671)	PTD			(16,947,671)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,257,723)	PTD			(1,257,723)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	92,625	PTD			92,625		
2821001	230X	R & D DEDUCTION - SECTION 174	(1,708,786)	PTD			(1,708,786)		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(2,071,997)	E	(2,071,997)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(22,745,832)	PTD			(22,745,832)		
2821001	320A	ABFUDC	(4,656,290)	PTD			(4,656,290)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	6,369,883	PTD			6,369,883		
2821001	390A	CIAC - BOOK RECEIPTS	8,147,384	E	8,147,384				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(66,677)	PTD			(66,677)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(22,583,751)	PTD			(22,583,751)		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(5,041,922)	PTD			(5,041,922)		
2821001	532D	BOOK/TAX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(18,715,995)	PTD			(18,715,995)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(8,538,510)	PTD			(8,538,510)		
2821001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD			(178,005)		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,996,441	E	10,996,441				
2821001	710H	AMORT ELEC PLT ACQ ADJS	51,037	E	51,037				
2821001	710T	AMORT CHELSEA MUN AUTH-TX	31,820	E	31,820				
2821001	710U	CHELSEA ACQUSITON ADJ-25 YR TX	134,172	E	134,172				
2821001	710V	PLANT ACQUISITION ADJ-CSIAP-TX	150,789	E	150,789				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	6,952	Labor					6,952
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	(42,577)	PTD			(42,577)		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(86,916)	PTD			(86,916)		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(5,509,556)	Labor					(5,509,556)
2821001	910K	REMOVAL CST	(45,059,637)	PTD			(45,059,637)		
2821001	910N	ACCRUED BK REMOVAL COST - ACRS	14,486,761	PTD			14,486,761		
2821001	930A	PROV FOR WRITEDOWN OF INVEST	644,392	E	644,392				
2821001	930J	BOOK > TAX BASIS-PRTSHP INVEST	(2,940,256)	E	(2,940,256)				
2821001	940I	1985-1987 IRS AUDIT SETTLEMENT	(135,065)	PTD			(135,065)		
2821001	960F-XS	EXCESS ADFIT 282	(10,568,109)	PTD			(10,568,109)		
2821		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(514,008,214)**		**15,143,782**	**0**	**(523,649,392)**	**0**	**(5,502,604)**
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	514,008,214						
2831001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	1,490	E	1,490				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	943,107	E	943,107				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	494,851	E	494,851				
2831001	605B	ACCRUED BK PENSION EXPENSE	(25,503,592)	Labor					(25,503,592)
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158	48,885,961	E	48,885,961				
2831001	610S	REG ASSET-UNREAL LOSS FWD CMMT	0	PTD			0		
2831001	611S	UMBRELLA TRUST - PLCY CSV EARN	0	E	0				
2831001	612D	FUEL INVENTORIES	(675,209)	E	(675,209)				
2831001	612E	ACCRUED RAIL SETTLEMENT - BNFS	0	E	0				
2831001	614D	PROV TAKE OR PAY SETTLEMENT	0	E	0				
2831001	630A	DEFD EXPS (A/C 186)	0	PTD			0		
2831001	630H	DEFD CLD R&D PROJ CSTS	0	PTD			0		
2831001	630J	DEFD STORM DAMAGE	(16,833,514)	PTD			(16,833,514)		
2831001	630M	RATE CASE DEFD CHGS	(222,256)	PTD			(222,256)		
2831001	630R	ACCRD ENERGY CONSERV EXPEND	0	PTD			0		
2831001	632U	ACCRD ENERGY CONSERV EXPEND	(26,331)	PTD			(26,331)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	2,832	E	2,832				
2831001	639C	DEFD BK LOSS-NON-AFF SALE-EMA	(4,018,298)	E	(4,018,298)				
2831001	640K	DEFD TAX GAIN-EPA AUCTION	(258,616)	E	(258,616)				
2831001	651P	NUMANCO & RIKA OPERATIONS-TX	0	E	0				
2831001	660M	REG ASSET-CARRY COST ON STRANDED COST	(3,106,548)	PTD			(3,106,548)		
2831001	660N	REG ASSET-DEFD CARRY COST ON STRANDED COST	1,340,887	PTD			1,340,887		
2831001	660R	REG ASSET - DEFD ACCR VEGETATION MGT EXPENSE	(5,604,992)	T&D				(5,604,992)	
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(48,885,961)	E	(48,885,961)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(84,770)	E	(84,770)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(11,376,318)	E	(11,376,318)				
2831001	661U	REG ASSET - LAWTON SETTLEMENT	(3,288,641)	E	(3,288,641)				
2831001	661V	REG ASSET - RED ROCK FACILITY	(2,161,016)	E	(2,161,016)				
2831001	661W	REG ASSET - GCR EXPENSE	0	E	0				
2831001	663C	REG ASSET - GENERATION MAINTENANCE EXPENSE	(1,779,168)	E	(1,779,168)				
2831001	663D	REG ASSET - NOx EXPENSE	(75,464)	E	(75,464)				
2831001	900A	LOSS ON REACQUIRED DEBT	(3,561,306)	PTD			(3,561,306)		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	3,157,622	Labor					3,157,622
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	0	Labor					0
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	985A	DEFERRED SOP 98-5	0	PTD			0		
2831002	DSIT	DEFERRED STATE INCOME TAX	(68,657,970)	PTD			(68,657,970)		
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(141,293,221)**		**(22,275,220)**	**0**	**(91,067,039)**	**(5,604,992)**	**(22,345,970)**
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	141,293,221						
1901001	390F	CUST ADV INC FOR TAX	0	E	0				
1901001	433F	PSO-FUEL O/U RECOVERY-WSLE	18,298,116	E	18,298,116				
1901001	460A	UNBILLED REVENUE	5,303,557	E	5,303,557				
1901001	510H	PROPERTY TAX-NEW METHOD-BOOK	0	PTD			0		
1901001	520A	PROVS POSS REV REFDS	0	PTD			0		
1901001	575G	MTM BK LOSS-A/L-TAX DEFL	0	E	0				
1901001	576F	MARK & SPREAD-DEFL-190-A/L	(1,055,766)	E	(1,055,766)				
1901001	602A	PROV WORKER'S COMP	293,326	Labor					293,326
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	422,645	Labor					422,645
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	84,770	E	84,770				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	212,883	Labor					212,883
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605O	ACCRUED PSI PLAN EXP	384,674	Labor					384,674
1901001	610A	BK PROV UNCOLL ACCTS	106,554	PTD			106,554		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	0	E	0				
1901001	610V	PROV-FAS 157 - A/L	(5,619)	E	(5,619)				
1901001	611Y	PROVISION FOR LITIGATION	809,772	PTD			809,772		
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	(337,756)	Labor					(337,756)
1901001	613C	ACCRD ENVIRONMENTAL LIAB	0	PTD			0		
1901001	613E	ACCRUED BOOK VACATION PAY	2,029,126	Labor					2,029,126
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS	0	Labor					0
1901001	614L	PROVISION FOR POTENTIAL LOSS	0	PTD			0		
1901001	614X	ACCRD PROV- LAWSUIT DAMAGES	0	PTD			0		
1901001	615A	ACCRUED INTEREST EXP -STATE - MJE	(598,467)	E	(598,467)				
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(294,339)	E	(294,339)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	1,009,033	E	1,009,033				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	(72,732)	E	(72,732)				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	(197,866)	E	(197,866)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	0	E	0				
1901001	630F	DEFERRED BOOK CONTRACT REVENUE	0	PTD			0		
1901001	632G	TX DFL JT POLE ATT CSTS	0	T&D				0	
1901001	638C	TAX > BOOK BASIS - EMA-A/C 190	4,018,298	E	4,018,298				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(8,884)	E	(8,884)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	179,888	PTD			179,888		
1901001	651A	IMPAIRED ASSETS RES-FAS 121-BK	0	E	0				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(115,714)	E	(115,714)				
1901001	700A	TAX DEFL - MISC	0	E	0				
1901001	700B	TAX DEFL - FRAN COSTS	46,866	PTD			46,866		
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS	0	PTD			0		
1901001	712P	PROF SERVICES CAPITALIZED-TX	1,681	PTD			1,681		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	11,376,318	E	11,376,318				
1901001	906K	ACCRD SFAS 112 PST EMPLOY BEN	1,746,453	Labor					1,746,453
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	5,478,281	E	5,478,281				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE	0	E	0				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE-MJE	0	E	0				
1901001	911S	ACCRUED SALES & USE TAX RESERVE	0	E	0				
1901001	911S	ACCRUED SALES & USE TAX RESERVE - MJE	0	E	0				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	737,639	E	737,639				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	693,998	E	693,998				
1901001	913T	TRANSITION COST - BOOK EXPENSE	0	Labor					0
1901001	930I	INVESTMENT IN INDUSTRIES-BK	0	E	0				
1901001	941A	AUDIT RESERVE PROV-STATE	0	E	0				
1901001	960E	AMT CREDIT - DEFERRED	0	E	0				
1901001	911Q-DSIT	DEFD STATE INCOME TAXES	24,030,290	PTD			24,030,290		
1901001	911F-FIN48	DEFD STATE INCOME TAXES - FIN 48	(223,957)	E	(223,957)				
1901001									
1901002	DSIT	ACCUM DITC-STATE-A/C 2550002	7,610,102	E	7,610,102				
1901		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**81,963,172**		**52,036,769**	**0**	**25,175,052**	**0**	**4,751,351**
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	81,963,172						

Worksheet C-2 - ADIT & ITC Details

PUBLIC SERVICE COMPANY OF OKLAHOMA
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2008

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method PTD Plant	T&D	Labor
2821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		
2821001	230A	ACRS BENEFIT NORMALIZED	(160,050,606)	PTD			(160,050,606)		
2821001	230G	ACRS-ACCRUED BK REMOVAL COSTS	(16,947,671)	PTD			(16,947,671)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,257,723)	PTD			(1,257,723)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	92,625	PTD			92,625		
2821001	230X	R & D DEDUCTION - SECTION 174	(1,570,379)	PTD			(1,570,379)		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(2,211,283)	E	(2,211,283)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(21,216,709)	PTD			(21,216,709)		
2821001	320A	ABFUDC	(4,256,706)	PTD			(4,256,706)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	5,573,839	PTD			5,573,839		
2821001	390A	CIAC - BOOK RECEIPTS	6,412,534	E	6,412,534				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(66,677)	PTD			(66,677)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(21,143,629)	PTD			(21,143,629)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(6,835,411)	PTD			(6,835,411)		
2821001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD			(178,005)		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,996,441	E	10,996,441				
2821001	710H	AMORT ELEC PLT ACQ ADJS	51,037	E	51,037				
2821001	710T	AMORT CHELSEA MUN AUTH-TX	31,820	E	31,820				
2821001	710U	CHELSEA ACQUSITON ADJ-25 YR TX	134,172	E	134,172				
2821001	710V	PLANT ACQUISITION ADJ-CSIAP-TX	146,203	E	146,203				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	10,046	Labor					10,046
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	257,240	PTD			257,240		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(7,085,705)	Labor					(7,085,705)
2821001	910K	REMOVAL CST	(39,460,764)	PTD			(39,460,764)		
2821001	910N	ACCRUED BK REMOVAL COST - ACRS	14,486,761	PTD			14,486,761		
2821001	930A	PROV FOR WRITEDOWN OF INVEST	644,392	E	644,392				
2821001	930J	BOOK > TAX BASIS-PRTSHP INVEST	(2,940,256)	E	(2,940,256)				
2821001	940I	1985-1987 IRS AUDIT SETTLEMENT	(135,065)	PTD			(135,065)		
2821001	960F-XS	EXCESS ADFIT 282	(11,333,002)	PTD			(11,333,002)		
2821001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(443,971,142)**		**13,265,060**	**0**	**(450,160,543)**	**0**	**(7,075,659)**
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	443,971,142						
2831001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(45,128)	E	(45,128)				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	(1,093,998)	E	(1,093,998)				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	(647,969)	E	(647,969)				
2831001	605B	ACCRUED BK PENSION EXPENSE	(26,515,012)	Labor					(26,515,012)
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158	46,428,613	E	46,428,613				
2831001	610S	REG ASSET-UNREAL LOSS FWD CMMT	0	PTD			0		
2831001	611S	UMBRELLA TRUST - PLCY CSV EARN	0	E	0				
2831001	612D	FUEL INVENTORIES	(675,209)	E	(675,209)				
2831001	612E	ACCRUED RAIL SETTLEMENT - BNFS	0	E	0				
2831001	614D	PROV TAKE OR PAY SETTLEMENT	0	E	0				
2831001	630A	DEFD EXPS (A/C 186)	0	PTD			0		
2831001	630H	DEFD CLD R&D PROJ CSTS	0	PTD			0		
2831001	630J	DEFD STORM DAMAGE	(17,777,183)	PTD			(17,777,183)		
2831001	630M	RATE CASE DEFD CHGS	(212,643)	PTD			(212,643)		
2831001	630R	ACCRD ENERGY CONSERV EXPEND	0	PTD			0		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	(3,493)	E	(3,493)				
2831001	639C	DEFD BK LOSS-NON-AFF SALE-EMA	(4,018,298)	E	(4,018,298)				
2831001	640K	DEFD TAX GAIN-EPA AUCTION	(258,616)	E	(258,616)				
2831001	651P	NUMANCO & RIKA OPERATIONS-TX	0	E	0				
2831001	660R	REG ASSET - DEFD ACCR VEGETATION MGT EXPENSE	(6,264,841)	T&D				(6,264,841)	
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(46,428,613)	E	(46,428,613)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(64,574)	E	(64,574)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(15,131,742)	E	(15,131,742)				
2831001	661U	REG ASSET - LAWTON SETTLEMENT	(7,385,389)	E	(7,385,389)				
2831001	661V	REG ASSET - RED ROCK FACILITY	(2,117,873)	E	(2,117,873)				
2831001	661W	REG ASSET - GCR EXPENSE	(960,093)	E	(960,093)				
2831001	710V	PLANT ACQUISITION ADJ-CSIAP-TX	0	E	0				
2831001	712K	CAPITALIZED SOFTWARE COST-BOOK	0	Labor					0
2831001	900A	LOSS ON REACQUIRED DEBT	(2,282,451)	PTD			(2,282,451)		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	2,683,524	Labor					2,683,524
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	2,452,812	Labor					2,452,812
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	0	E	0				
2831001	985A	DEFERRED SOP 98-5	0	PTD			0		
2831002	DSIT	DEFERRED STATE INCOME TAX	(56,818,611)	PTD			(56,818,611)		
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(137,136,786)**		**(32,402,382)**	**0**	**(77,090,888)**	**(6,264,841)**	**(21,378,676)**
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	137,136,786						
1901001	390F	CUST ADV INC FOR TAX	0	E	0				
1901001	433F	PSO-FUEL O/U RECOVERY-WSLE	(4,402)	E	(4,402)				
1901001	460A	UNBILLED REVENUE	12,842,779	E	12,842,779				
1901001	510H	PROPERTY TAX-NEW METHOD-BOOK	0	PTD			0		
1901001	520A	PROVS POSS REV REFDS	(7,073,765)	PTD			(7,073,765)		
1901001	575G	MTM BK LOSS-A/L-TAX DEFL	2,277,627	E	2,277,627				
1901001	576F	MARK & SPREAD-DEFL-190-A/L	2,705,380	E	2,705,380				
1901001	602A	PROV WORKER'S COMP	418,605	Labor					418,605
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	392,126	Labor					392,126
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	64,574	E	64,574				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	150,105	Labor					150,105
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605O	ACCRUED PSI PLAN EXP	421,201	Labor					421,201
1901001	610A	BK PROV UNCOLL ACCTS	7,032	PTD			7,032		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	(239,589)	E	(239,589)				
1901001	611Y	PROVISION FOR LITIGATION	730,228	PTD			730,228		
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	(292,378)	Labor					(292,378)
1901001	613C	ACCRD ENVIRONMENTAL LIAB	0	PTD			0		
1901001	613E	ACCRUED BOOK VACATION PAY	2,269,194	Labor					2,269,194
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS	0	Labor					0
1901001	614L	PROVISION FOR POTENTIAL LOSS	0	PTD			0		
1901001	614X	ACCRD PROV- LAWSUIT DAMAGES	0	PTD			0		
1901001	615A	ACCRUED INTEREST EXP -STATE - MJE	(598,467)	E	(598,467)				
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(196,571)	E	(196,571)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	1,009,033	E	1,009,033				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	197,866	E	197,866				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	(197,866)	E	(197,866)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	0	E	0				
1901001	630F	DEFERRED BOOK CONTRACT REVENUE	254,678	PTD			254,678		
1901001	632G	TX DFL JT POLE ATT CSTS	0	T&D				0	
1901001	638C	TAX > BOOK BASIS - EMA-A/C 190	4,018,298	E	4,018,298				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(8,884)	E	(8,884)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	328,589	PTD			328,589		
1901001	651A	IMPAIRED ASSETS RES-FAS 121-BK	0	E	0				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(2,297,574)	E	(2,297,574)				
1901001	700A	TAX DEFL - MISC	0	E	0				
1901001	700B	TAX DEFL - FRAN COSTS	67,331	PTD			67,331		
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS	0	PTD			0		
1901001	710T	AMORT CHELSEA MUN AUTH-TX	0	E	0				
1901001	710U	CHELSEA ACQUSITON ADJ-25 YR TX	0	E	0				
1901001	711N	CAPITALIZED SOFTWARE COSTS-TAX	0	Labor					0
1901001	712P	PROF SERVICES CAPITALIZED-TX	1,681	PTD			1,681		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	15,131,742	E	15,131,742				
1901001	906K	ACCRD SFAS 112 PST EMPLOY BEN	1,661,600	Labor					1,661,600
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	5,189,212	E	5,189,212				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE	64,363	E	64,363				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE-MJE	(64,363)	E	(64,363)				
1901001	911S	ACCRUED SALES & USE TAX RESERVE	(2,889,250)	E	(2,889,250)				
1901001	911S	ACCRUED SALES & USE TAX RESERVE - MJE	2,889,250	E	2,889,250				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	869,095	E	869,095				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	693,998	E	693,998				
1901001	913T	TRANSITION COST - BOOK EXPENSE	0	Labor					0
1901001	930I	INVESTMENT IN INDUSTRIES-BK	0	E	0				
1901001	930J	PROV FOR WRITEDOWN OF INVEST	0	E	0				
1901001	941A	AUDIT RESERVE PROV-STATE	0	E	0				
1901001	960E	AMT CREDIT - DEFERRED	0	E	0				
1901001	911F-FIN48	DEFD STATE INCOME TAXES	19,886,514	PTD			19,886,514		
1901001	911Q-DSIT	DEFD STATE INCOME TAXES - FIN 48	(313,942)	E	(313,942)				
1901002	DSIT	DEFERRED STATE INCOME TAX	2,663,536	PTD			2,663,536		
1901		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**63,028,587**		**41,142,310**	**0**	**16,865,823**	**0**	**5,020,454**

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
PUBLIC SERVICE COMPANY OF OKLAHOMA

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)

Materials & Supplies

Line Number		Source	Balance @ December 31, 2009 FF1, p. 227, Col. (c)	Balance @ December 31, 2008 FF1, p. 227, Col. (b)	Average Balance for Rate Year 2009
1					
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	243,172	236,320	239,746
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	835,381	773,866	804,624
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	-

Prepayment Balance Summary

		Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
5	Totals as of December 31, 2009	4,753,915	(71,724,584)	0	3,764,573	72,462,338	76,226,911
6	Totals as of December 31, 2008	2,141,415	(74,694,742)		1,395,806	75,440,351	76,836,157
7	**Average Balance**	3,447,665	(73,209,663)	0	2,580,190	73,951,345	76,531,534

Prepayments Account 165 - Balance @ 12/31/2009

	Acc. No.	Description	2009 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
8	1650001	Prepaid Insurance	970,584	0		748,186	222,398	970,584	**T-Plant:** Excess Gen Lia. & Property Ins.
9	165001206	Prepaid Taxes	2,150,000	0		2,150,000		2,150,000	Prepaid Ok State Taxes
10	1650004	Prepaid Interest	0	0				-	Prepaid Facility Fee on 1.5B Securitization
11	1650005	Prepaid Employee Benefits	2,954	0			2,954	2,954	Executive Life Insurance
12	1650006	Other Prepayments	470,098	470,098				-	OCC Assessment Fees - Retail Only
13	1650009	Prepaid Carry Cost-Factored AR	42,304	42,304				-	AR Factoring - Retail Only
14	1650010	Prepaid Pension Benefits	72,236,986	0			72,236,986	72,236,986	Prefunded Pension Expense
15	1650014	FAS 158 Qual Contra Asset	(72,236,986)	(72,236,986)				-	
16	1650023	Prepaid Leases	251,588	0				-	
17	1650021	Prepaid Insurance - EIS	866,387			866,387	0	866,387	Excess General Liability & Property Ins.
18		**Subtotal - Form 1, p 111.57.c**	4,753,915	(71,724,584)	0	3,764,573	72,462,338	76,226,911	
			check against FF1 rp						

Prepayments Account 165 - Balance @ 12/31/2008

19	Acc. No.	Description	2008 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
20	1650001	Prepaid Insurance	1,624,177	0		1,392,873	231,304	1,624,177	Plant and Labor Allocable Policies
21	165000206	Prepaid Taxes	0	0		0		-	Prepaid Ok State Taxes
22	1650004	Prepaid Interest	2,933	0		2,933		2,933	Prepaid Facility Fee on 1.5B Securitization
23	1650005	Prepaid Employee Benefits	2,974	0			2,974	2,974	Executive Life Insurance
24	1650006	Other Prepayments	282,956	282,956				-	OCC Assessment Fees - Retail Only
25	1650009	Prepaid Carry Cost-Factored AR	228,375	228,375				-	AR Factoring - Retail Only
26	1650010	Prepaid Pension Benefits	75,206,073	0			75,206,073	75,206,073	Prefunded Pension Expense
27	1650014	FAS 158 Qual Contra Asset	(75,206,073)	(75,206,073)				-	
28			0	0				-	
29			0	0				-	
30		**Subtotal - Form 1, p 111.57.c**	2,141,415	(74,694,742)		1,395,806	75,440,351	76,836,157	
			check against FF1 rp						

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet E - IPP Credits
PUBLIC SERVICE COMPANY OF OKLAHOMA

Line Number	(A) Description	(B) 2009
1	Net Funds from IPP Customers @ 12/31/2008 (2009 FORM 1, P269, (B))	5,925,376
2	Interest Accrual (company records)	136,327
3	Revenue Credits to Generators (company records)	(2,626,018)
4	Other Adjustments (company records)	
5	Accounting Adjustment	(10,890)
6		-
7	Net Funds from IPP Customers 12/31/2009 (2009 FORM 1, P269, (F))	3,424,795
8	Average Balance for 2009 ((ln 1 + ln 7)/2)	4,675,086

AEP West SPP Member Companies
2010 Cost of Service Formula Rate Projected on 2009 FF1 Balances
Worksheet F - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects
Based on a Carrying Charge Derived from Historic 2009 Data
PUBLIC SERVICE COMPANY OF OKLAHOMA

I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified

A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects

ROE w/o incentives (Attachment H, ln 149)	11.20%	
Project ROE Incentive Adder (Enter as whole number)	0	basis points
ROE with additional 0 basis point incentive	11.20%	**<==Incentive ROE Cannot Exceed 12.45%**

Determine R (cost of long term debt, cost of preferred stock and percent is from Attachment H, lns 158 through160)

	%	Cost		Weighted cost
Long Term Debt	54.30%	0.0627		0.0341
Preferred Stock	0.29%	0.0404		0.0001
Common Stock	45.41%	0.1120		0.0509
			R =	0.0850

B. Determine Return using 'R' with hypothetical 0 basis point ROE increase for Identified Projects.

Rate Base (Attachment H, ln 75)	315,653,968
R (fom A. above)	0.0850
Return (Rate Base x R)	26,844,387

C. Determine Income Taxes using Return with hypothetical 0 basis point ROE increase for Identified Projects.

Return (from B. above)	26,844,387
Tax Rate (Attachment H, ln 106)	37.85%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	36.51%
Income Tax Calculation (Return x EIT)	9,800,312
ITC Adjustment (Attachment H, ln 116)	(213,025)
Income Taxes	9,587,287

II. Calculate Net Plant Carrying Charge Rate (Fixed Charge Rate or FCR) with hypothetical 0 basis point ROE increase.

A. Determine Net Revenue Requirement less return and Income Taxes.

Net Revenue Requirement (Attachment H, ln 123)	68,984,046
Return (Attachment H, ln 118)	26,844,387
Income Taxes (Attachment H, ln 117)	9,587,287
Gross Margin Taxes (Attachment H, ln 122)	-
Net Revenue Requirement, Less Return and Taxes	32,552,372

B. Determine Net Revenue Requirement with hypothetical 0 basis point increase in ROE.

Net Revenue Requirement, Less Return and Taxes	32,552,372
Return (from I.B. above)	26,844,387
Income Taxes (from I.C. above)	9,587,287
Net Revenue Requirement, with 0 Basis Point ROE increase	68,984,046
#REF!	-
Revenue Requirement w/ Gross Margin Taxes	68,984,046
Less: Depreciation (Attachment H, ln 95)	11,037,897
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	57,946,148

C. Determine Gross Margin Tax with hypothetical 0 basis point increase in ROE.

Net Revenue Requirement before Gross Margin Taxes, with 0 Basis Point ROE increase (II B. above)	68,984,046
Apportionment Factor to Texas (Worksheet K, ln 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

D. Determine FCR with hypothetical 0 basis point ROE increase.

Net Transmission Plant (Attachment H, lns 46, 47, 48, 49, 51)	402,118,180
Net Revenue Requirement, with 0 Basis Point ROE increase	68,984,046
FCR with 0 Basis Point increase in ROE	17.16%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	57,946,148
FCR with 0 Basis Point ROE increase, less Depreciation	14.41%
FCR less Depreciation (Attachment H, ln 12)	14.41%
	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, ln 58)	622,664,895	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	617,290,679	<==From Input on Worksheet B
	1,239,955,574	
Transmission Plant Average Balance for 2009	619,977,787	
Annual Depreciation Expense (Attachment H, ln 246)	10,975,763	
Composite Depreciation Rate	1.77%	
Depreciable Life for Composite Depreciation Rate	56.49	
Round to nearest whole year	56	

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS

		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2010	5,901,758	5,901,758	$ -

Note: Review formulas in summary to ensure the proper year's revenue requirement is being accumulated for each project from the tables below.

NOTE: PART IV --- BPU Project Tables are contained in separate *.xls file

I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified for Incentive.

A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects

ROE w/o incentives (Attachment H, ln 136)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% **<==Incentive ROE Cannot Exceed 12.45%**
Determine R (cost of long term debt, cost of preferred stock and percent is from Attachment H, lns 158 through160)			
	%	Cost	Weighted cost
Long Term Debt	54.19%	0.0617	0.0334
Preferred Stock	0.31%	0.0404	0.0001
Common Stock	45.51%	0.1120	0.0510
		R =	0.0845

B. Determine Return using 'R' with hypothetical 0 basis point ROE increase for Identified Projects.

Rate Base (Attachment H, ln 63)	289,121,432
R (fom A. above)	0.0845
Return (Rate Base x R)	24,438,556

C. Determine Income Taxes using Return with hypothetical 0 basis point ROE increase for Identified Projects.

Return (from B. above)	24,438,556
Tax Rate (Attachment H, ln 260)	37.85%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	36.81%
Income Tax Calculation (Return x EIT)	8,996,982
ITC Adjustment (Attachment H, ln 103)	(215,021)
Income Taxes	8,781,961

II. Calculate Net Plant Carrying Charge Rate (Fixed Charge Rate or FCR) with hypothetical 0 basis point ROE increase.

A. Determine Net Revenue Requirement less return and Income Taxes.

Net Revenue Requirement (Attachment H, ln 110)	64,727,801
Return (Attachment H, ln 105)	24,438,556
Income Taxes (Attachment H, ln 104)	8,781,961
Gross Margin Taxes (Attachment H, ln 109)	-
Net Revenue Requirement, Less Return and Taxes	31,507,284

B. Determine Net Revenue Requirement with hypothetical 0 basis point increase in ROE.

Net Revenue Requirement, Less Return and Taxes	31,507,284
Return (from I.B. above)	24,438,556
Income Taxes (from I.C. above)	8,781,961
Net Revenue Requirement, with 0 Basis Point ROE increase	64,727,801
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	64,727,801
Less: Depreciation (Attachment H, ln 83)	10,725,126
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	54,002,675

C. Determine Gross Margin Tax with hypothetical 0.112 basis point increase in ROE.

Net Revenue Requirement before Gross Margin Taxes, with 0 Basis Point ROE increase (II B. above)	64,727,801
Apportionment Factor to Texas (Worksheet K, ln 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

D. Determine FCR with hypothetical 0 basis point ROE increase.

Net Transmission Plant (Attachment H, ln 39)	369,870,667
Net Revenue Requirement, with 0 Basis Point ROE increase	64,727,801
FCR with 0 Basis Point increase in ROE	17.50%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	54,002,675
FCR with 0 Basis Point ROE increase, less Depreciation	14.60%
FCR less Depreciation (Attachment H, ln 12)	14.60%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, ln 58)	622,664,895	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	617,290,679	<==From Input on Worksheet B
	1,239,955,574	
Transmission Plant Average Balance for 2009	619,977,787	
Annual Depreciation Expense (Attachment H, ln 83)	10,975,763	
Composite Depreciation Rate	1.77%	
Depreciable Life for Composite Depreciation Rate	56.49	
Round to nearest whole year	56	

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR SPP BPU & NON-BPU PROJECTS

TRUE-UP YEAR 2009	Rev Require	W Incentives	Incentive Amounts
∑ Prior Year Projected (WS-F)	$ 3,989,630	$ 3,989,630	$ -
∑ Prior Year True-Up (WS-G)	$ 4,277,375	$ 4,277,375	$ -
True-up Adjustment For 2009	287,745	287,745	-

Note: Review formulas in summary to ensure the proper year's revenue requirement is being accumulated for each project from the tables below.

NOTE: PART IV --- BPU Project Tables are contained in separate *.xls file

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
PUBLIC SERVICE COMPANY OF OKLAHOMA

Revenue Credits for

		Total Company	Non-Transmission	Transmission
I.	**Account 450, Forfeited Discounts**	2,276,178	2,276,178	-
II.	**Account 451,Miscellaneous Service Revenues**	5,129,311	5,129,311	-
III.	**Account 454, Rent from Electric Property**			
1	Account 4540001 - Rent from Elect Property-Aff	2,559,173	2,506,326	52,848
2	Account 4540002 - Rent from Elect Property - Non-Aff	3,540,622	3,524,678	15,943
3	Account 4540003 - Rent from Elect Property - ABD - Aff		-	
4	Account 4540004 - Rent from Elect Property - ABD - Non-Aff	99,053	54,398	44,655
5	Total Rents from Electirc Property	6,198,848		113,446

(Revenue related to transmission facilities for pole attachments, rentals, etc. Provide data sources and explanations in Section VIII, Notes below)

IV.	**Account 4560015, Revenues from Associated Business Development**			
1	Account 4560015, Revenues from Associated Business Development	3,468,978		410,980
V.	**Total Other Operating Revenues To Reduce Revenue Requirement**			524,426
VI.	**Account 456.1, Revenues from Transmission of Electricity of Others**			$28,615,468

(Provide data sources and any detailed explanations necessary in Section VIII Notes below)

Less:

1	**Transmission Direct Assignment Revenue (if costs not in the ARR)**	
2	**Sponsored Upgrade Revenue**	
3	**Credits against Transmission Service Revenue related to Generation Interconnections**	980,077
4	**Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor**	1,159,764
5	**Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor**	12,629,828
6	**Revenue Associated with Transmission Plant Excluded From SPP Tariff**	
7	**Distribution and Other Non-Transmission Revenue**	233,533
8	**Revenue from SPP Ancillary Services Provided**	3,033,323
9	**Base Plan Revenue (from SPP)**	3,304,085
10	**Flow Through of ERCOT Ancillary Charges**	
11	**Other**	

Net Transmission Credits $7,274,858

VII. Total Worksheet A Revenue Credits $7,799,284

VIII. Data Sources:

Data for this worksheet came from the FERC Form 1 and the Company's General Ledger.

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
PUBLIC SERVICE COMPANY OF OKLAHOMA

1	Other Expenses		
2	Direct Assignment Charge		$0
3	Sponsored Upgrades Charge		$0
4	Firm and Non-Firm Point-To-Point Charges		$0
5	Base Plan Charges		$0
6	Schedule 9 Charges		$0
7	SPP Schedule 12 - FERC Assessment		$0
8	SPP Schedule 1-A		$0
9	SPP Annual Assessment		$0
10	Ancillary Services Expenses		$0
11	Other		$0
12	Other		$0
13	Other		$0
14	Total	(sum of lines 2 through 13)	$0

Adjustment to charges that are booked to transmission accounts that are the responsibility of the TO's LSE.

Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line Number	(A) FERC Acct No.	(B) Description	(C) 2009 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
		Account 926				
		2007 Base Year OPEB Expense (Note 1)				
1	9260021	Postretirement Benefits - OPEB	7,738,548			
2	9260057	Postret Ben Medicare Subsidy	(2,016,228)			
3		OPEB Billed From Service Corporation	452,416			
4		Net 2007 Base Year Expense	6,174,736			
5		2009 Current Year Expense				
6	9260021	Postretirement Benefits - OPEB	11,142,022			
7	9260057	Postret Ben Medicare Subsidy	(2,008,471)			
8		OPEB Billed From Service Corporation	704,983			
9		Net 2009 Expense	9,838,534			
10		**Net Increase (Decrease) in OPEB Expense**	3,663,798	This Amount Is Allocated on Wages & Salaries		

Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.

		Account 928				
11	9280000	Reg Commission Expense - OCC Annual Fees	1,067,217	1,067,217	-	Oklahoma Corporation Commission Assessment
12	9280001	Reg Commission Expense Admin	20,047	20,047	-	FERC Assessment Fees
13	9280002	Reg Commission Exp - Case	493,804	493,804	-	Oklahoma Rate Case Filings
14	9280002	Reg Commission Exp - Legal	15,375	2,534	12,841	PSO/SWEPCO Non-Tx All Bus
15	9280002	Reg Commission Exp - Transmission	6,287	6,287	-	PSO/SWEPCO - Updates required as a result of FERC Docket ER07-1369-000.
16	9280002	Reg Commission Exp - Labor Accruals	(7,788)	(7,788)	-	Labor accruals - var.depts
17	9280002	Reg Commission Exp - Misc Non-Trans Filings	(2,604)	(2,604)	-	Determination of Use and Usefulness of Add'l Baseload Gen. before OCC
18	9280002	Reg Commission Exp - Misc Filings	63	63	-	Misc OCC Filing
19	9280002	Reg Commission Exp - Misc Filings	2,189	362	1,827	Reg/Leg Act-Oklahoma
20	9280003	Rate Case Amort	76,841	76,841	-	
21		**Total**	1,671,430	1,656,762	14,668	
		Account 930.1				
22	9301001	Newspaper Advertising Space	171,985	171,985	-	
23	9301008	Direct Mail and Handouts	1,073	1,073	-	
24	9301009	Fairs, Shows, and Exhibits	107	107	-	
25	9301010	Publicity	1,664	1,664	-	
26	9301011	Dedications, Tours, & Openings	18	18	-	
27	9301012	Public Opinion Surveys	98,820	98,820	-	
28	9301013	Movies Slide Films & Speeches	60,893	60,893	-	
29	9301014	Video Communications	96	96	-	
30	9301015	Other Corporate Comm Exp	269,682	269,682	-	
31			-	-	-	
32		**Total**	604,338	604,338	0	
		Account 930.2				
33	9302000	Misc General Expenses	577,914	508,635	69,279	
34	9302003	Corporate & Fiscal Expenses	122,489	115,483	7,006	
35	9302004	Research, Develop&Demonstr Exp	12,765	12,765	-	
36	9302007	Assoc Business Development Exp - Transmission	307,484	-	307,484	
37	9302007	Assoc Business Development Exp - Distribution	2,327,720	2,327,720	-	
38		**Total**	3,348,372	2,964,602	383,770	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
PUBLIC SERVICE COMPANY OF OKLAHOMA

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2009

State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		77.52%	
Effective State Income Tax Rate			4.3876%
State Income Tax Rate - Ohio		8.50%	
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2	0.00%	
Effective State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			4.3876%

Note 1 --- The Oklahoma State Income Tax Rate of 6% is reduced to 5.66% due to the deductibility of Oklahoma State Income Taxes on the Oklahoma State Income Tax Return.

Note 2 --- The Ohio State Income Tax is being phased-out over a 5 year period and is being replaced with a Commercial Activites Tax. The taxable portion of income is 40% in 2007.

II. CALCULATION OF TEXAS GROSS MARGIN TAX

		Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (ln 118 of Template)	325,251,272	68,984,046	323,818,132	65,567,596	319,865,813	64,727,801
1	Apportionment Factor to Texas (ln12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Apportioned Texas Revenues	$0	$0	$0	$0	$0	$0
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	-	-	-	-	-	-
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	-	-	-	-	-	-
7	Gross-up Required for Texas Gross Margin Expense ((ln 6 * ln 3 * ln 1)/(1- ln 5) * ln 5)	-	-	-	-	-	-
8	Total Additional Gross Margin Tax Revenue Requirement	-	-	-	-	-	-

9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)			
10	Texas Jurisdictional Load		-	KW
11	Total Load		-	KW
12	Allocation Percentage	(ln 10 / ln 11)	0.00%	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet L - Taxes Other than Income
PUBLIC SERVICE COMPANY OF OKLAHOMA

HISTORIC PERIOD EXPENSE (2009) - TO BE USED ON TRUE-UP TEMPLATE

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Account	Total Company	Property	Labor	Other	Non-Allocable
1	**Revenue Taxes**					
2	OH CAT Tax	1,214				1,214
3	**Real Estate and Personal Property Taxes**					
4	Oklahoma Ad Valorum	35,779,996	35,779,996			
5	Texas Ad Valorum	1,201,900	1,201,900			
6	Louisiana Ad Valorum	732	732			
7	Nevada Ad Valorum	-	-			
8	**Payroll Taxes**					
9	Federal Insurance Contribution (FICA)	3,936,783		3,936,783		
10	Federal Unemployment Tax	20,347		20,347		
11	State Unemployment Insurance	13,628		13,628		
12	**Production Taxes**					
13		-				-
14		-				-
15	**Miscellaneous Taxes**					
16	Federal Excise Tax	3,197				3,197
17	Ok State Franchise Tax	20,000			20,000	
18	Ok Sales & Use Taxes	2,033				2,033
19	Ok Local Franchise Tax - 2008	155,646			155,646	
20	Ok Local Franchise Tax - 20__	-			-	
21	Ohio State Franchise	1,000			1,000	
22	Tx Sales & Use Taxes	7,757				7,757
23	Tx State Franchise	-			-	
24	Tx Misc Tax	-			-	
25	Ok Misc Tax	20			20	
26	MT Misc Tax	15			15	
26	Wy Misc Tax	52			52	
27	Total Taxes by Allocable Basis	41,144,320	36,982,628	3,970,758	176,733	14,201
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	41,144,320				

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances

Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2009

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(A)	(B)	(C)	(D)	(E)
	Issuance	**Principle Amount** FF1.p. 257.x (h)	**Interest Rate**	**Annual Expense**	**Notes**
	Long Term Debt (FF1.p. 256-257.h)				
1	*Affliated Notes Payable*				
2	None			0	
3	*Pollution Control Bonds*				
4	PCRB - ODFA Refunding - Series 2009	33,700,000	5.25%	1,769,250	p257 L17
5	PCRB - Red River - Series 1996 (a)	12,660,000	4.45%	563,370	p257.1 L16
6	*Senior Unsecured Notes*				
7	Senior Unsecured Notes - Series B	200,000,000	6.00%	12,000,000	
8	Senior Unsecured Notes - Series E	75,000,000	4.70%	3,525,000	
9	Senior Unsecured Notes - Series F	150,000,000	6.15%	9,225,000	
10	Senior Unsecured Notes - Series G	250,000,000	6.625%	16,562,500	
11	Senior Unsecured Notes - Series H	250,000,000	5.15%	12,875,000	
12				-	
13				-	
	Issuance Discount, Premium, & Expenses:				
14	Financial Hedges & Auction Fees	FF1.p. 256 & 257.Lines Described as Hedges or Fees		281,895	257 Ln31i 257.1 Ln5.i
15	Amort of Debt Discount and Expenses	FF1.p. 117.63.c (also WS-N Ln 15)		2,318,362	
16	Less: Amor of Debt Premimums	FF1.p. 117.65.c (also WS-N Ln 17)		-	
	Reacquired Debt:				
17	Amortization of Loss	FF1.p. 117.64.c (also WS-N Ln 16)		1,824,877	
18	Less: Amortization of Gain	FF1.p. 117.66.c (also WS-N Ln 18)		-	
19	**Total Interest on Long Term Debt**	971,360,000	6.27%	60,945,254	
	Preferred Stock (FF1.p. 250-251)	**Preferred Balance Outstanding**			
20	4.00% Series - $100 - 44,508 Shares O/S	4,450,800	4.00%	178,032	
21	4.24% Series - $100 - 8,069 Shares O/S	806,900	4.24%	34,213	
22				-	
23	**Dividends on Preferred Stock**	5,257,700	4.04%	212,245	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
PUBLIC SERVICE COMPANY OF OKLAHOMA

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2008 and 12/31/2009

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2009	Balances @ 12/31/2008	Average
Development of Average Balance of Common Equity				
1	Total Proprietary Capital (p. 112.16.c&d)	817,000,233	753,507,233	785,253,733
2	Less Preferred Stock from Ln 46 below	5,257,700	5,261,700	5,259,700
3	Less Account 216.1 (p. 112.12.c&d)	0	0	-
4	Less Account 219.1 (p. 112.15.c&d)	(598,712)	(704,114)	(651,413)
5	**Average Balance of Common Equity**	812,341,245	748,949,647	**780,645,446**
Development of Cost of Long Term Debt Based on Average Outstanding Balance				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	33,700,000	16,850,000
8	Advances from Assoc. Companies (223) (p112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	971,360,000	921,360,000	946,360,000
10	**Total Average Debt**	971,360,000	887,660,000	**929,510,000**
11	**Annual Interest Expense for 2010**			
12	Coupon Interest on Long Term Debt (256-257.33.i)			53,210,977
13	Less: Financial Hedge Gain/Expense from Ln 26 Included in Ln 12			(281,895)
14	Plus: Allowed Hedge Recovery from Ln 30 below			281,895
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			2,318,362
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,824,877
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
19	**Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)**			**57,354,216**
20	**Average Cost of Debt for 2010 (Ln 19/Ln 10)**			**6.17%**
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257 (Enter Gains as a Negative Number)			
22	SUN Series E 4.7% Financial Hedge (p. 256.31.i)			169,860
23	SUN Series F 6.15% Financial Hedge (p. 256.1 Ln 6.i)			112,035
24				
25				
26	Total Hedge Amortization			281,895
27	Total Average Capital Balance for 2009 (Actual TCOS, Ln 137)			1,715,415,146
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable Amount			857,708
30	**Recoverable Hedge Amortization (Lesser of Ln 26 or Ln 29**			**281,895**
Development of Cost of Preferred Stock				
	Preferred Stock			**Average**
31	4% Series - 100 - Dividend Rate (p. 250-251. 9.a)	4.00%	4.00%	
32	4% Series - 100 - Par Value (p. 250-251. 9.c)	$ 100.00	$ 100.00	
33	4% Series - 100 - Shares O/S (p.250-251. 9.e)	44,508	44,548	
34	4% Series - 100 - Monetary Value (Ln 32 * Ln 33)	4,450,800	4,454,800	4,452,800
35	4% Series - 100 - Dividend Amount (Ln 31 * Ln 34)	178,032	178,192	178,112
36	4.24% Series - 100 - Dividend Rate (p. 250-251. 10.a)	4.24%	4.24%	
37	4.24% Series - 100 - Par Value (p. 250-251. 10.c)	$ 100.00	$ 100.00	
38	4.24% Series - 100 - Shares O/S (p.250-251. 10.e)	8,069	8,069	
39	4.24% Series - 100 - Monetary Value (Ln 37 * Ln 38)	806,900	806,900	806,900
40	4.24% Series - 100 - Dividend Amount (Ln 36 * Ln 39)	34,213	34,213	34,213
41	0% Series - - Dividend Rate (p. 250-251.)			
42	0% Series - - Par Value (p. 250-251.)			
43	0% Series - - Shares O/S (p.250-251.)			
44	0% Series - - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	**Balance of Preferred Stock (Lns 34, 39, 44)**	5,257,700	5,261,700	**5,259,700**
47	**Dividens on Preferred Stock (Lns 35, 40, 45)**	212,245	212,405	**212,325**
48	**Average Cost of Preferred Stock (Ln 47/46)**	4.04%	4.04%	**4.04%**

AEP West SPP Member Companies
2010 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator			Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 120)					$104,987,801
2	REVENUE CREDITS	(Note A)					
3	Transmission Credits	(Worksheet H)	11,033,083	DA	1.00000	$	11,033,083
4	Assoc. Business Development	(Worksheet H)	115,655	DA	1.00000	$	115,655
5	Total Revenue Credits		11,148,738			$	11,148,738
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)					$93,839,063

MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.

7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		19,649,349	DA	1.00000	$	19,649,349
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)						
9	Annual Rate	(ln 1/ (Sum of lns 46, 47, 48, 49, 51)) x 100%					18.02%
10	Monthly Rate	(ln 9 / 12)					1.50%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)						
12	Annual Rate	((ln 1 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%					14.27%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)						
14	Annual Rate	((ln 1 - ln 95 - ln 117 - ln 118) / (Sum of lns 46, 47, 48, 49, 51)) x 100%					4.18%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)						-

AEP West SPP Member Companies
2010 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
16	Production	(Worksheet A ln 1.C)	1,823,449,844	NA	0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(8,556,812)	NA	0.00000	-
18	Transmission	(Worksheet A ln 3.C & Hist. Template Ln 169)	869,565,533	DA		823,270,813
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	0.95162	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		87,242,923	DA	1.00000	87,242,923
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.95162	-
22	Distribution	(Worksheet A ln 5.C)	1,446,712,574	NA	0.00000	-
23	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
24	General Plant	(Worksheet A ln 7.C)	292,597,087	W/S	0.03439	10,062,237
25	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(385,618)	W/S	0.03439	(13,261)
26	Intangible Plant	(Worksheet A ln 9.C)	75,371,136	W/S	0.03439	2,591,968
27	TOTAL GROSS PLANT	(sum lns 16 to 26)	4,585,996,667			923,154,680
28	ACCUMULATED DEPRECIATION AND AMORTIZATION					
29	Production	(Worksheet A ln 12.C)	1,150,262,702	NA	0.00000	-
30	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(1,590,720)	NA	0.00000	-
31	Transmission	(Worksheet A ln 14.C & 28.C)	330,381,920	**TP1=**	0.92441	305,409,372
32	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.92441	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,251,703	DA	1.00000	1,251,703
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
35	Plus: Additional Transmission Depreciation for 2010 (ln 95)		22,940,605	TP1	0.92441	21,206,596
36	Plus: Additional General & Intangible Depreciation for (ln 97+ln 98)		19,440,067	W/S	0.03439	668,532
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
38	Distribution	(Worksheet A ln 16.C)	552,879,858	NA	0.00000	-
39	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
40	General Plant	(Worksheet A ln 18.C)	131,772,223	W/S	0.03439	4,531,567
41	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(232,311)	W/S	0.03439	(7,989)
42	Intangible Plant	(Worksheet A ln 20.C)	58,191,716	W/S	0.03439	2,001,178
43	TOTAL ACCUMULATED DEPRECIATION	(sum lns 29 to 42)	2,265,297,762			335,060,959
44	NET PLANT IN SERVICE					
45	Production	(ln 16 + ln 17 - ln 29 - ln 30)	666,221,050			-
46	Transmission	(ln 18 + ln 19 - ln 31 - ln 32)	539,183,613			517,861,440
47	Plus: Transmission Plant-in-Service Additions (ln 20 - ln 33)		85,991,220			85,991,220
48	Plus: Additional Trans Plant on Transferred Assets (ln 21 - ln 34)		-			-
49	Plus: Additional Transmission Depreciation for 2010 (-ln 35)		(22,940,605)			(21,206,596)
50	Plus: Additional General & Intangible Depreciation for 2010 (-ln 36)		(19,440,067)			(668,532)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 37)		-			-
52	Distribution	(ln 22 + ln 23 - ln 38 - ln 39)	893,832,716			-
53	General Plant	(ln 24 + ln 25 - ln 40 - ln 41)	160,671,557			5,525,398
54	Intangible Plant	(ln 26 - ln 42)	17,179,420			590,790
55	TOTAL NET PLANT IN SERVICE	(sum lns 45 to 54)	2,320,698,905			588,093,721
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
58	Account No. 282.1 (enter negative)	(Worksheet C, ln 1.C & ln 3.J)	(402,541,168)	DA		(75,364,854)
59	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & Ln 12.J)	(37,157,532)	DA		(2,607,958)
60	Account No. 190.1	(Worksheet C, ln 19.C & Ln 21.J)	43,164,543	DA		1,621,765
61	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & Ln 30.J)	-	DA		-
62	TOTAL ADJUSTMENTS	(sum lns 57 to 61)	(396,534,157)			(76,351,047)
63	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	1,350,283	DA		-
64	WORKING CAPITAL	(Note F)				
65	Cash Working Capital	(1/8 * ln 80) (Note G)	1,304,772			1,241,641
66	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	154,877	TP	0.95162	147,383
67	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	670,603	W/S	0.03439	23,062
68	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	0.18580	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	67,524,283	W/S	0.03439	2,322,119
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	1,471,219	GP(h)	0.18580	273,346
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	(57,751,013)	NA	0.00000	-
73	TOTAL WORKING CAPITAL	(sum lns 65 to 72)	13,374,741			4,007,551
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7 (B))	(14,971,925)	DA	1.00000	(14,971,925)
75	RATE BASE (sum lns 55, 62, 63, 73, 74)		1,923,917,847			500,778,300

AEP West SPP Member Companies
2010 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
76	Transmission	321.112.b	29,627,119			
77	Less: Total Account 561	(Note I) 321.84-92.b	7,176,306			
78	Less: Account 565	(Note J) 321.96.b	12,012,641			
79	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	$0			
80	Total O&M Allocable to Transmission	(lns 76 - 77 - 78 - 79)	10,438,172	TP	0.95162	9,933,126
81	Administrative and General	323.197.b (Note K)	74,641,460			
82	Less: Acct. 924, Property Insurance	323.185.b	1,852,837			
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,937,875			
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	1,384,014			
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	999,815			
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	68,466,919	W/S	0.03439	2,354,536
87	Plus: Acct. 924, Property Insurance	(ln 82)	1,852,837	GP(h)	0.18580	344,248
88	Acct. 928 - Transmission Specific	Worksheet J ln 21.(E) (Note L)	-	TP	0.95162	-
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 35.(E) (Note L)	-	TP	0.95162	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 41.(E) (Note L)	120,103	DA	1.00000	120,103
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	4,259,708	W/S	0.03439	146,489
92	A & G Subtotal	(sum lns 86 to 90 less ln 91)	66,180,150			2,672,398
93	TOTAL O & M EXPENSE	(ln 80 + ln 92)	76,618,322			12,605,525
94	DEPRECIATION AND AMORTIZATION EXPENSE					
95	Transmission	336.7.f	22,940,605	TP	0.95162	21,830,635
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,251,703	DA	1.00000	1,251,703
97	General	336.10.f	7,861,554	W/S	0.03439	270,354
98	Intangible	336.1.f	11,578,513	W/S	0.03439	398,178
99	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 95 to 98)	43,632,375			23,750,870
100	TAXES OTHER THAN INCOME	(Note N)				
101	Labor Related					
102	Payroll	Worksheet L, Col. D	4,848,119	W/S	0.03439	166,724
103	Plant Related					
104	Property	Worksheet L, Col. C	34,274,869	GP(h)	0.18580	6,368,109
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,829,833	NA	0.00000	-
106	Other	Worksheet L, Col. E	14,731,298	GP(h)	0.18580	2,737,006
107	TOTAL OTHER TAXES	(sum lns 102 to 106)	58,684,119			9,271,839
108	INCOME TAXES	(Note O)				
109	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		36.46%			
110	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.25%			
111	where WCLTD=(ln 147) and WACC = (ln 150)					
112	and FIT, SIT & p are as given in Note O.					
113	GRCF=1 / (1 - T) = (from ln 109)		1.5739			
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(3,542,296)			
115	Income Tax Calculation	(ln 110 * ln 118)	63,892,939			16,630,750
116	ITC adjustment	(ln 113 * ln 114)	(5,575,163)	NP(h)	0.23009	(1,282,817)
117	TOTAL INCOME TAXES	(sum lns 115 to 116)	58,317,776			15,347,934
118	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 150)	167,022,017			43,474,310
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E)	(Worksheet E, ln 2)	257,742	DA	1.00000	257,742
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		404,532,351			104,708,220
121	(sum lns 93, 99, 107, 117, 118, 119)					
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,080,142	DA		279,581
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		405,612,493			104,987,801

AEP West SPP Member Companies
2010 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
124	Total transmission plant	(ln 18, 19, 20, 21)						956,808,456
125	Less transmission plant excluded from SPP Tariff (Note Q)							28,035,108
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							18,259,612
127	Transmission plant included in SPP Tariff	(ln 124 - ln 125 - ln 126)						910,513,736
128	Percent of transmission plant in SPP Tariff	(ln 127 / ln 124)					**TP=**	**0.95162**
129	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
130	Production	354.20.b	29,776,361	11,461,470	41,237,831	NA	0.00000	-
131	Transmission	354.21.b	2,691,793	185,713	2,877,506	TP	0.95162	2,738,280
132	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
133	Distribution	354.23.b	20,088,095	1,674,432	21,762,527	NA	0.00000	-
134	Other (Excludes A&G)	354.24,25,26.b	7,910,402	5,837,431	13,747,833	NA	0.00000	-
135	Total	(sum lns 130 to 134)	60,466,651	19,159,046	79,625,697			2,738,280
136	Transmission related amount						**W/S=**	**0.03439**
137	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
138		Long Term Interest (Worksheet M, ln. 21, col. (D))						85,579,498
139		Preferred Stock Dividends (Worksheet M, ln. 25, col. (D))						228,955
140	Development of Common Stock:							
141		Proprietary Capital (112.16.c)						1,528,823,193
142		Less Preferred Stock (ln 148)						4,696,600
143		Less Account 216.1 (112.12.c)						11,523,885
144		Less Account 219.1 (112.15.c)						(12,991,154)
145		Common Stock (ln 141 - ln 142 - ln 143 - ln 144)						1,525,593,862
				Capital Structure Percentages		Cost		
146		$		Actual	Cap Limit	(Note T)		Weighted
147	Long Term Debt (Worksheet M, ln. 21, col. (B))	1,426,335,000		48.24%	0.00%	0.0600		0.0289
148	Preferred Stock (Worksheet M, ln. 25, col. (B))	4,696,600		0.16%	0.00%	0.0487		0.0001
149	Common Stock (ln 145) (Note U)	1,525,593,862		51.60%	0.00%	11.2%		0.058
150	Total (sum lns 147 to 149)	2,956,625,462					**WACC=**	**0.08681**
151	Capital Structure Equity Limit (Note U)	52.5%						

AEP West SPP Member Companies
2010 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter	Notes
	General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.# b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting workpapers rather than using the allocations above.
A	The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
C	This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
D	The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
E	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
F	Identified as being transmission related or functionally booked to transmission.
G	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
I	Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
J	Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
K	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
L	Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
N	Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 109) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 2.43% (State Income Tax Rate or Composite SIT. Worksheet K)) p = 21.83% (percent of federal income tax deductible for state purposes)
P	Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 138) / long term debt (ln 147). Preferred Stock cost rate = preferred dividends (ln 139) / preferred outstanding (ln 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator			Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(ln 271)					$95,832,705
153	REVENUE CREDITS	(Note A)					
154	Transmission Credits	(Worksheet H)	11,033,083	DA	1.00000	$	11,033,083
155	Assoc. Business Development	(Worksheet H)	115,655	DA	1.00000	$	115,655
156	Total Revenue Credits		11,148,738			$	11,148,738
157	REVENUE REQUIREMENT For All Company Facilities	(ln 152 less ln 156)				$	84,683,967

MEMO: The Carrying Charge Calculations on lines 160 to 165 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line is included in the total on line 157.

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		19,649,349	DA	1.00000	$	19,649,349
159	NET PLANT CARRYING CHARGE (w/o incentives)	(Note B)					
160	Annual Rate	(ln 152/ ln 197 x 100%)					18.51%
161	Monthly Rate	(ln 160 / 12)					1.54%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives) (Note B)						
163	Annual Rate	((ln 152 - ln 246) / ln 197 x 100%)					14.31%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)						
165	Annual Rate	((ln 152 - ln 246 - ln 268 - ln 269) / ln 197 x 100%)					4.44%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)						-

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
167	Production	(Worksheet A ln 1.C)	1,823,449,844	NA	0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	(8,556,812)	NA	0.00000	-
169	Transmission	(Worksheet A ln 3.C & Ln 278)	869,565,533	DA		823,270,813
170	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	0.94676	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		**N/A**	NA	0.00000	**N/A**
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		**N/A**	NA	0.00000	**N/A**
173	Distribution	(Worksheet A ln 5.C)	1,446,712,574	NA	0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
175	General Plant	(Worksheet A ln 7.C)	292,597,087	W/S	0.03421	10,010,908
176	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	(385,618)	W/S	0.03421	(13,194)
177	Intangible Plant	(Worksheet A ln 9.C)	75,371,136	W/S	0.03421	2,578,746
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	4,498,753,744	**GP(h)=**	**0.185795**	835,847,273
				GTD=	**0.37541**	
179	ACCUMULATED DEPRECIATION AND AMORTIZATION					
180	Production	(Worksheet A ln 12.C)	1,150,262,702	NA	0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	(1,590,720)	NA	0.00000	-
182	Transmission	(Worksheet A ln 14.C & 28.C)	330,381,920.000	**TP1=**	0.92441	305,409,372
183	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.92441	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		**N/A**	DA	1.00000	**N/A**
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		**N/A**	DA	1.00000	**N/A**
186	Plus: Additional Transmission Depreciation for 2010 (ln 246)		**N/A**	TP1	0.92441	**N/A**
187	Plus: Additional General & Intangible Depreciation for 2010 (ln 248+ln 249)		**N/A**	W/S	0.03421	**N/A**
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		**N/A**	DA	1.00000	**N/A**
189	Distribution	(Worksheet A ln 16.C)	552,879,858	NA	0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
191	General Plant	(Worksheet A ln 18.C)	131,772,223	W/S	0.03421	4,508,451
192	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	(232,311)	W/S	0.03421	(7,948)
193	Intangible Plant	(Worksheet A ln 20.C)	58,191,716	W/S	0.03421	1,990,970
194	TOTAL ACCUMULATED DEPRECIATION	(sum lns 180 to 193)	2,221,665,387			311,900,844
195	NET PLANT IN SERVICE					
196	Production	(ln 167 + ln 168 - ln 180 - ln 181)	666,221,050			-
197	Transmission	(ln 169 + ln 170 - ln 182 - ln 183)	539,183,613			517,861,440.440
198	Plus: Transmission Plant-in-Service Additions (ln 171 - ln 184)		**N/A**			**N/A**
199	Plus: Additional Trans Plant on Transferred Assets (ln 172 - ln 185)		**N/A**			**N/A**
200	Plus: Additional Transmission Depreciation for 2010 (-ln 186)		**N/A**			**N/A**
201	Plus: Additional General & Intangible Depreciation for 2010 (-ln 187)		**N/A**			**N/A**
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 188)		**N/A**			**N/A**
203	Distribution	(ln 173 + ln 174 - ln 189 - ln 190)	893,832,716			-
204	General Plant	(ln 175 + ln 176 - ln 191 - ln 192)	160,671,557			5,497,212
205	Intangible Plant	(ln 177 - ln 193)	17,179,420			587,776
206	TOTAL NET PLANT IN SERVICE	(sum lns 196 to 205)	2,277,088,357	**NP(h)=**	**0.230095**	523,946,428
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
209	Account No. 282.1 (enter negative)	(Worksheet C, ln 1.C & ln 3.J)	(402,541,168)	DA		(75,364,854)
210	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & Ln 12.J)	(37,157,532)	DA		(2,607,958)
211	Account No. 190.1	(Worksheet C, ln 19.C & Ln 21.J)	43,164,543	DA		1,621,765
212	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & Ln 30.J)	-	DA		-
213	TOTAL ADJUSTMENTS	(sum lns 208 to 212)	(396,534,157)			(76,351,047)
214	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	1,350,283	DA		-
215	WORKING CAPITAL	(Note F)				
216	Cash Working Capital	(1/8 * ln 231) (Note G)	1,304,772			1,235,307
217	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	154,877	TP	0.94676	146,632
218	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	670,603	W/S	0.03421	22,944
219	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	0.18580	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	67,524,283	W/S	0.03421	2,310,274
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	1,471,219	GP(h)	0.18580	273,346
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	(57,751,013)	NA	0.00000	-
224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	13,374,741			3,988,502
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7.(B))	(14,971,925)	DA	1.00000	(14,971,925)
226	RATE BASE (sum lns 206, 213, 214, 224, 225)		1,880,307,299			436,611,959

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
227	OPERATION & MAINTENANCE EXPENSE					
228	Transmission	321.112.b	29,627,119			
229	Less: Total Account 561	(Note I) 321.84-92.b	7,176,306			
230	Less: Account 565	(Note J) 321.96.b	12,012,641			
231	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	$0			
232	Total O&M Allocable to Transmission	(lns 227 - 228 - 229 - 230)	10,438,172	TP	0.94676	9,882,455
233	Administrative and General	323.197.b (Note K)	74,641,460			
234	Less: Acct. 924, Property Insurance	323.185.b	1,852,837			
235	Acct. 928, Reg. Com. Exp.	323.189.b	1,937,875			
236	Acct. 930.1, Gen. Advert. Exp.	323.191.b	1,384,014			
237	Acct. 930.2, Misc. Gen. Exp.	323.192.b	999,815			
238	Balance of A & G	(ln 232 - sum ln 233 to ln 236)	68,466,919	W/S	0.03421	2,342,525
239	Plus: Acct. 924, Property Insurance	(ln 233)	1,852,837	GP(h)	0.18580	344,248
240	Acct. 928 - Transmission Specific	Worksheet J ln 21.(E) (Note L)	-	TP	0.94676	-
241	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 35.(E) (Note L)	-	TP	0.94676	-
242	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 41.(E) (Note L)	120,103	DA	1.00000	120,103
243	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	4,259,708	W/S	0.03421	145,742
244	A & G Subtotal	(sum lns 237 to 241 less ln 242)	66,180,150			2,661,135
245	TOTAL O & M EXPENSE	(ln 231 + ln 243)	76,618,322			12,543,590
246	DEPRECIATION AND AMORTIZATION EXPENSE					
247	Transmission	336.7.f	22,940,605	TP	0.94676	21,719,272
248	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A			N/A
249	General	336.10.f	7,861,554	W/S	0.03421	268,975
250	Intangible	336.1.f	11,578,513	W/S	0.03421	396,147
251	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 246 to 249)	42,380,672			22,384,394
252	TAXES OTHER THAN INCOME	(Note N)				
253	Labor Related					
254	Payroll	Worksheet L, Col. D	4,848,119	W/S	0.03421	165,873
255	Plant Related					
256	Property	Worksheet L, Col. C	34,274,869	GP(h)	0.18580	6,368,109
257	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,829,833	NA	0.00000	-
258	Other	Worksheet L, Col. E	14,731,298	GP(h)	0.18580	2,737,006
259	TOTAL OTHER TAXES	(sum lns 253 to 257)	58,684,119			9,270,989
260	INCOME TAXES	(Note O)				
261	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		36.46%			
262	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.25%			
263	where WCLTD=(ln 298) and WACC = (ln 301)					
264	and FIT, SIT & p are as given in Note O.					
265	GRCF=1 / (1 - T) = (from ln 260)		1.5739			
266	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(3,542,296)			
267	Income Tax Calculation	(ln 261 * ln 269)	62,444,641			14,499,799
268	ITC adjustment	(ln 264 * ln 265)	(5,575,163)	NP(h)	0.23009	(1,282,817)
269	TOTAL INCOME TAXES	(sum lns 266 to 267)	56,869,478			13,216,982
270	RETURN ON RATE BASE (Rate Base*WACC)	(ln 226 * ln 301)	163,236,033			37,903,807
271	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E)	(Worksheet E, ln 2)	257,742	DA	1.00000	257,742
272	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum lns 244, 250, 258, 268, 269, 270)		398,046,366			95,577,503
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,062,823	DA		255,202
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		399,109,189			95,832,705

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(ln 169)						869,565,533
276	Less transmission plant excluded from SPP Tariff (Worksheet A, ln 23a Col. (C)) (Note Q)							28,035,108
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							18,259,612
278	Transmission plant included in SPP Tariff	(ln 275 - ln 276 - ln 277)						823,270,813
279	Percent of transmission plant in SPP Tariff	(ln 278 / ln 275)					**TP=**	**0.94676**
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
281	Production	354.20.b	29,776,361	11,461,470	41,237,831	NA	0.00000	-
282	Transmission	354.21.b	2,691,793	185,713	2,877,506	TP	0.94676	2,724,311
283	Regional Market Expenses	354.22.b	0		-	NA	0.00000	-
284	Distribution	354.23.b	20,088,095	1,674,432	21,762,527	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	7,910,402	5,837,431	13,747,833	NA	0.00000	-
286	Total	(sum lns 281 to 285)	60,466,651	19,159,046	79,625,697			2,724,311
287	Transmission related amount						**W/S=**	**0.03421**
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
289		Long Term Interest (Worksheet M, ln. 21, col. (D))						85,579,498
290		Preferred Stock Dividends (Worksheet M, ln. 25, col. (D))						228,955
291	Development of Common Stock:							
292		Proprietary Capital (112.16.c)						1,528,823,193
293		Less Preferred Stock (ln 299)						4,696,600
294		Less Account 216.1 (112.12.c)						11,523,885
295		Less Account 219.1 (112.15.c)						(12,991,154)
296		Common Stock (ln 292 - ln 293 - ln 294 - ln 295)						1,525,593,862
				Capital Structure Percentages			Cost	
297		$		Actual	Cap Limit		(Note T)	Weighted
298	Long Term Debt (Worksheet M, ln. 21, col. (B))	1,426,335,000		48.24%	0.00%		0.0600	0.0289
299	Preferred Stock (Worksheet M, ln. 25, col. (B))	4,696,600		0.16%	0.00%		0.0487	0.0001
300	Common Stock (ln 296) (Note U)	1,525,593,862		51.60%	0.00%		11.2%	0.0578
301	Total (sum lns 298 to 300)	2,956,625,462					**WACC=**	**0.0868**
302	Capital Structure Equity Limit (Note U)	52.5%						

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter	Notes
	General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.# b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting workpapers rather than using the allocations above.
A	The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
C	This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
D	The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
E	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
F	Identified as being transmission related or functionally booked to transmission.
G	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
I	Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
J	Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
K	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
L	Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
N	Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 260) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 2.43% (State Income Tax Rate or Composite SIT. Worksheet K) p = 21.83% (percent of federal income tax deductible for state purposes)
P	Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 289) / long term debt (ln 298). Preferred Stock cost rate = preferred dividends (ln 290) / preferred outstanding (ln 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				$92,727,754
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	11,033,083	DA	1.00000	$ 11,033,083
4	Assoc. Business Development	(Worksheet H)	115,655	DA	1.00000	$ 115,655
5	Total Revenue Credits		11,148,738			$ 11,148,738
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$81,579,016

MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.

7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		9,841,921	DA	1.00000	$ 9,841,921
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1/ ln 39 x 100)				18.79%
10	Monthly Rate	(ln 9 / 12)				1.57%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100)				14.36%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100)				4.63%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
16	Production	(Worksheet A ln 1.E)	1,808,813,579	NA	0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.E)	(8,556,812)	NA	0.00000	-
18	Transmission	(Worksheet A ln 3.E & Ln 114)	828,148,541	DA		789,355,690
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E)	-	TP	0.95316	-
20	Distribution	(Worksheet A ln 5.E)	1,423,614,492	NA	0.00000	-
21	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.E)	-	NA	0.00000	-
22	General Plant	(Worksheet A ln 7.E)	292,180,991	W/S	0.03445	10,064,206
23	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	(378,996)	W/S	0.03445	(13,055)
24	Intangible Plant	(Worksheet A ln 9.E)	76,098,362	W/S	0.03445	2,621,216
25	TOTAL GROSS PLANT	(sum lns 16 to 24)	4,419,920,156	**GP(TU)=**	**0.18146**	802,028,058
				GTD=	**0.36778**	
26	ACCUMULATED DEPRECIATION AND AMORTIZATION					
27	Production	(Worksheet A ln 12.E)	1,128,481,264	NA	0.00000	-
28	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.E)	(1,334,941)	NA	0.00000	-
29	Transmission	(Worksheet A ln 14.E & 28.E)	316,252,882	**TP1=**	0.93526	295,779,100
30	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.93526	-
31	Distribution	(Worksheet A ln 16.E)	544,356,029	NA	0.00000	-
32	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.E)	-	NA	0.00000	-
33	General Plant	(Worksheet A ln 18.E)	129,139,892	W/S	0.03445	4,448,238
34	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	(223,632)	W/S	0.03445	(7,703)
35	Intangible Plant	(Worksheet A ln 20.E)	55,015,223	W/S	0.03445	1,895,005
36	TOTAL ACCUMULATED DEPRECIATION	(sum lns 27 to 35)	2,171,686,716			302,114,640
37	NET PLANT IN SERVICE					
38	Production	(ln 16 + ln 17 - ln 27 - ln 28)	673,110,443			-
39	Transmission	(ln 18 + ln 19 - ln 29 - ln 30)	511,895,659			493,576,590
40	Distribution	(ln 20 + ln 21 - ln 31 - ln 32)	879,258,463			-
41	General Plant	(ln 22 + ln 23 - ln 33 - ln 34)	162,885,736			5,610,617
42	Intangible Plant	(ln 24 - ln 35)	21,083,140			726,211
43	TOTAL NET PLANT IN SERVICE	(sum lns 38 to 42)	2,248,233,440	**NP(TU)=**	**0.22236**	499,913,418
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
46	Account No. 282.1 (enter negative)	(Worksheet C, ln 7.C & ln 9.J)	(371,158,473)	DA		(67,334,595)
47	Account No. 283.1 (enter negative)	(Worksheet C, ln 16.C & Ln 18.J)	(39,062,123)	DA		(2,589,567)
48	Account No. 190.1	(Worksheet C, ln 25.C & Ln 27.J)	23,861,107	DA		190,271
49	Account No. 255 (enter negative)	(Worksheet C, ln 34.C & Ln 36.J)	-	DA		-
50	TOTAL ADJUSTMENTS	(sum lns 45 to 49)	(386,359,489)			(69,733,891)
51	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	892,945	DA		-
52	WORKING CAPITAL	(Note F)				
53	Cash Working Capital	(1/8 * ln 68) (Note G)	1,304,772			1,243,652
54	Transmission Materials & Supplies	(Worksheet D, ln 2.(F))	149,522	TP	0.95316	142,517
55	A&G Materials & Supplies	(Worksheet D, ln 3.(F))	463,665	W/S	0.03445	15,971
56	Stores Expense	(Worksheet D, ln 4.(F))	-	GP(TU)	0.18146	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 7.G)	69,892,355	W/S	0.03445	2,407,450
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 7.F)	1,367,783	GP(TU)	0.18146	248,195
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 7.E)	-	DA	1.00000	-
60	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 7.D)	(59,244,565)	NA	0.00000	-
61	TOTAL WORKING CAPITAL	(sum lns 53 to 60)	13,933,530			4,057,785
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 8.(B))	(12,854,489)	DA	1.00000	(12,854,489)
63	RATE BASE (sum lns 43, 50, 51, 61, 62)		1,863,845,938			421,382,824

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)		(5)
Line No.	**EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION**	**Data Sources (See "General Notes")**	**TO Total**	**Allocator**		**Total Transmission**
	OPERATION & MAINTENANCE EXPENSE					
64	Transmission	321.112.b	29,627,119			
65	Less: Total Account 561	(Note I) 322.84-92.b	7,176,306			
66	Less: Account 565	(Note J) 322.96.b	12,012,641			
67	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	$0			
68	Total O&M Allocable to Transmission	(ln 64 - 65 - 66 - 67)	10,438,172	TP	0.95316	9,949,218
69	Administrative and General	323.197.b (Note K)	74,641,460			
70	Less: Acct. 924, Property Insurance	323.185.b	1,852,837			
71	Acct. 928, Reg. Com. Exp.	322.189.b	1,937,875			
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	1,384,014			
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	999,815			
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	68,466,919	W/S	0.03445	2,358,351
75	Plus: Acct. 924, Property Insurance	(ln 70)	1,852,837	GP(TU)	0.18146	336,211
76	Acct. 928 - Transmission Specific	Worksheet J ln 21.(E) (Note L)	-	TP	0.95316	-
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 35.(E) (Note L)	-	GP(TU)	0.18146	-
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 41.(E) (Note L)	120,103	DA	1.00000	120,103
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	4,259,708	W/S	0.03445	146,726
80	A & G Subtotal	(sum lns 74 to 78 less ln 79)	66,180,150			2,667,939
81	TOTAL O & M EXPENSE	(ln 68 + ln 80)	76,618,322			12,617,157
82	DEPRECIATION AND AMORTIZATION EXPENSE					
83	Transmission	336.7.f	22,940,605	TP	0.95316	21,866,001
84	General	336.10.f	7,861,554	W/S	0.03445	270,792
85	Intangible	336.1.f	11,578,513	W/S	0.03445	398,823
86	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 83 to 85)	42,380,672			22,535,617
87	TAXES OTHER THAN INCOME	(Note N)				
88	Labor Related					
89	Payroll	Worksheet L, Col. D	4,848,119	W/S	0.03445	166,994
90	Plant Related					
91	Property	Worksheet L, Col. C	34,274,869	GP(TU)	0.18146	6,219,435
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,829,833	NA	0.00000	-
93	Other	Worksheet L, Col. E	14,731,298	GP(TU)	0.18146	2,673,106
94	TOTAL OTHER TAXES	(sum lns 89 to 93)	58,684,119			9,059,535
95	INCOME TAXES	(Note O)				
96	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		36.46%			
97	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		37.40%			
98	where WCLTD=(ln 134) and WACC = (ln 137)					
99	and FIT, SIT & p are as given in Note O.					
100	GRCF=1 / (1 - T) = (from ln 96)		1.5739			
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(3,542,296)			
102	Income Tax Calculation	(ln 97 * ln 105)	59,295,793			13,405,737
103	ITC adjustment	(ln 100 * ln 101)	(5,575,163)	NP(TU)	0.22236	(1,239,684)
104	TOTAL INCOME TAXES	(sum lns 102 to 103)	53,720,630			12,166,053
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	158,547,117			35,844,718
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		257,742	DA	1.00000	257,742
###						
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		390,208,603			92,480,821
108	(sum lns 81, 86, 94, 104, 105, 106)					
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,041,895	DA		246,932
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		391,250,498			92,727,754

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
111	Total transmission plant	(ln 18)						828,148,541
112	Less transmission plant excluded from SPP Tariff (Worksheet A, ln 23a Col. (E)) (Note Q)							20,066,045
113	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (E)) (Note R)							18,726,806
114	Transmission plant included in SPP Tariff	(ln 111 - ln 112 - ln 113)						789,355,690
115	Percent of transmission plant in SPP Tariff	(ln 114 / ln 111)					**TP=**	**0.95316**
116	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
117	Production	354.20.b	29,776,361	11,461,470	41,237,831	NA	0.00000	-
118	Transmission	354.21.b	2,691,793	185,713	2,877,506	TP	0.95316	2,742,716
119	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
120	Distribution	354.23.b	20,088,095	1,674,432	21,762,527	NA	0.00000	-
121	Other (Excludes A&G)	0	7,910,402	5,837,431	13,747,833	NA	0.00000	-
122	Total	(sum lns 117 to 121)	60,466,651	19,159,046	79,625,697			2,742,716
123	Transmission related amount						**W/S=**	**0.03445**
124	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
125	Long Term Interest	Long Term Interest (Worksheet N, ln. 19, col. (E))						83,833,606
126	Preferred Dividends	Preferred Stock Dividends (Worksheet N, ln. 47, col. (E))						228,845
127	Development of Common Stock:							Average
128	Proprietary Capital	(Worksheet N, ln. 1, col. (E))						1,391,086,321
129	Less Preferred Stock (ln 135)	(Worksheet N, ln. 2, col. (E))						4,696,600
130	Less Account 216.1	(Worksheet N, ln. 3, col. (E))						10,511,363
131	Less Account 219	(Worksheet N, ln. 4, col. (E))						(22,555,999)
132	Common Stock	(ln 128 - ln 129 - ln 130 - ln 131)						1,398,434,357
				Capital Structure Percentages			Cost	
133		2010 Avg Balances		Actual	Cap Limit		(Note S)	Weighted
134	Avg Long Term Debt (Worksheet N, ln. 10, col. (E))	1,426,335,000		50.41%	0.00%		5.88%	0.0296
135	Avg Preferred Stock (Worksheet N, ln. 46, col. (E))	4,696,600		0.17%	0.00%		4.87%	0.0001
136	Avg Common Stock (ln 132) (Note U)	1,398,434,357		49.42%	0.00%		11.20%	0.0554
137	Total (sum lns 134 to 136)	2,829,465,957					**WACC=**	**0.0851**
138	Capital Structure Equity Limit (Note U)	52.5%						

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter	Notes
	General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.# b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting workpapers rather than using the allocations above.
A	The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
C	This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the trued-up revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
D	The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
E	The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
F	Identified as being transmission related or functionally booked to transmission.
G	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
I	Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
J	Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
K	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
L	Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
M	This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
N	Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
O	The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 96) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 2.43% (State Income Tax Rate or Composite SIT. Worksheet K) p = 21.83% (percent of federal income tax deductible for state purposes)
P	Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 125) / long term debt (ln 134). Preferred Stock cost rate = preferred dividends (ln 126) / preferred outstanding (ln 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing. "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
Q	Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
R	Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
S	Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
T	Long Term Debt cost rate = long-term interest (ln 137) / long term debt (ln Letter). Preferred Stock cost rate = preferred dividends (ln) / preferred outstanding (ln). Common Stock cost rate (ROE) = 0%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 0% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
SOUTHWESTERN ELECTRIC POWER COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balances @ 12/31/2009	(D) Balances 12/31/2008	(E) Average Balance for 2009
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Blalances					
1	**Production Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	1,823,449,844	1,794,177,313	1,808,813,579
2	**Production Asset Retirement Obligation (ARO)**	FF1, page 205 & 204, Col.(g)&(b), lns 15,24,34,44	8,556,812	8,556,812	8,556,812
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	869,565,533	786,731,548	828,148,541
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	**Distribution Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	1,446,712,574	1,400,516,409	1,423,614,492
6	**Distribution Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	-	-	-
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	292,597,087	291,764,895	292,180,991
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	385,618	372,373	378,996
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	75,371,136	76,825,588	76,098,362
10	**Total Property Investment Balance**	(Sum of Lines: 1, 3, 5, 7, 9)	4,507,696,174	4,350,015,753	4,428,855,964
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 2, 4, 6, 8)	8,942,430	8,929,185	8,935,808
Accumulated Depreciation & Amortization Balances					
12	**Production Accumulated Depreciation**	FF1, page 219, lns 20-24, Col. (b)	1,150,262,702	1,106,699,826	1,128,481,264
13	**Production ARO Accumulated Depreciation**	Company Records	1,590,720	1,079,161	1,334,941
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	330,381,920	302,123,844	316,252,882
15	**Transmission ARO Accumulated Depreciation**	Company Records	-	-	-
16	**Distribution Accumulated Depreciation**	FF1, page 219, ln 26, Col. (b)	552,879,858	535,832,199	544,356,029
17	**Distribution ARO Accumulated Depreciation**	Company Records	-	-	-
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	131,772,223	126,507,560	129,139,892
19	**General ARO Accumulated Depreciation**	Company Records	232,311	214,953	223,632
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	58,191,716	51,838,729	55,015,223
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 12, 14, 16, 18, 20)	2,223,488,419	2,123,002,158	2,173,245,289
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 13, 15, 17, 19)	1,823,032	1,294,114	1,558,573
Generation Step-Up Units					
23	**GSU Investment Amount**	Company Records	18,259,612	19,193,999	18,726,806
24	**GSU Accumulated Depreciation**	Company Records	13,131,419	12,670,585	12,901,002
25	**GSU Net Balance**	(Line 23 - Line 24)	5,128,194	6,523,414	5,825,804
Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)					
23a	**Excluded Facilities Investment Amount**	Company Records	28,035,108	12,096,981	20,066,045
24a	**Excluded Facilities Accumulated Depreciation**	Company Records	11,841,129	3,304,431	7,572,780
25a	**Excluded Facilities Net Balance**	(Line 23a - Line 24a)	16,193,979	8,792,550	12,493,265
Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation					
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	330,381,920	302,123,844	316,252,882
27	**Less: GSU/Excluded Facilities Accum. Depr.**	(Line 24 + Line 24a)	24,972,548	15,975,016	20,473,782
28	**Subtotal of Transmission Accumulated Depreciation**	(Line 26 - Line 27)	305,409,372	286,148,828	295,779,100
Plant Held For Future Use					
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	1,350,283	435,607	892,945
30	**Transmission Plant Held For Future**	Company Records	-	-	-

AEP West SPP Member Companies
2010 Cost of Service Formula Rate Projected on 2009 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
SOUTHWESTERN ELECTRIC POWER COMPANY

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2009) (P.206, ln 58,(b)):	786,731,548
2	Transmission Plant @ End of Historic Period (2009) (P.207, ln 58,(g)):	869,565,533
3		1,656,297,081
4	Average Balance of Transmission Investment	828,148,541
5	Annual Depreciation Expense, Historic TCOS, ln 246	22,940,605
6	Composite Depreciation Rate	2.77%
7	Round to 3% to Reflect a Composite Life of 33 Years	3.00%

II. Calculation of Property Placed in Service by Month and the Related Depreciation Expense

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	$ 17,269,599	3.00%	$ 518,088	$ 43,174	11	$ 474,914
10	February	$ 3,706,916	3.00%	$ 111,207	$ 9,267	10	$ 92,670
11	March	$ 5,354,790	3.00%	$ 160,644	$ 13,387	9	$ 120,483
12	April	$ 6,117,288	3.00%	$ 183,519	$ 15,293	8	$ 122,344
13	May	$ 9,145,144	3.00%	$ 274,354	$ 22,863	7	$ 160,041
14	June	$ 8,766,079	3.00%	$ 262,982	$ 21,915	6	$ 131,490
15	July	$ 3,658,136	3.00%	$ 109,744	$ 9,145	5	$ 45,725
16	August	$ 3,721,203	3.00%	$ 111,636	$ 9,303	4	$ 37,212
17	September	$ 5,170,585	3.00%	$ 155,118	$ 12,926	3	$ 38,778
18	October	$ 3,759,553	3.00%	$ 112,787	$ 9,399	2	$ 18,798
19	November	$ 3,699,373	3.00%	$ 110,981	$ 9,248	1	$ 9,248
20	December	$ 16,874,257	3.00%	$ 506,228	$ 42,186	0	$ -
21	Investment	$ 87,242,923				Depreciation Expense	$ 1,251,703

III. Plant Transferred

22	$ -	<== This input area is for original cost plant
23	$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
24 (Ln 7 * Ln 22)	$ -	<== This input area is for additional Depreciation Expense

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Ratebase (E)+(F)+(G)+(H)
		Account 282 - Form-1 page 274-275, Ln 2 Col. (k)							
		282 Balance to Use in Projection							
1	282.1	2009 Year End Tax Deferrals - Ws C-1	(402,541,168)	7,645,119	-	(404,606,259)	-	(5,580,028)	
2	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	18.5795%	37.5415%	3.4214%	
3	282.1	**Allocated Total**		0	0	(75,173,939)	0	(190,915)	**(75,364,854)**
		282 Balance to Use in True-Up							
4	282.1	2009 Year End Tax Deferrals - Ws C-1	(402,541,168)	7,645,119	-	(404,606,259)	-	(5,580,028)	
5	282.1	2008 Year End Tax Deferrals - Ws C-2	(339,775,778)	2,980,767	-	(335,017,960)	-	(7,738,585)	
6		**Subtotal**	(742,316,946)	10,625,885	-	(739,624,219)	-	(13,318,613)	
7		**Average Balance**	(371,158,473)	5,312,943	0	(369,812,109)	0	(6,659,306)	
8		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	18.1458%	36.7778%	3.4445%	
9		**Allocated Total**		0	0	(67,105,214)	0	(229,381)	**(67,334,595)**
		Account 283 - Form-1 page 276-277, Ln 9, Col (k)							
		283 Balance to Use in Projection							
10	282.1	2009 Year End Tax Deferrals - Ws C-1	(37,157,532)	(8,047,751)	-	(10,634,532)	-	(18,475,249)	
11	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	18.5795%	37.5415%	3.4214%	
12	282.1	**Allocated Total**		0	0	(1,975,846)	0	(632,112)	**(2,607,958)**
		283 Balance to Use in True-Up							
13	282.1	2009 Year End Tax Deferrals - Ws C-1	(37,157,532)	(8,047,751)	-	(10,634,532)	-	(18,475,249)	
14	282.1	2008 Year End Tax Deferrals - Ws C-2	(40,966,714)	(11,771,428)	-	(10,933,775)	-	(18,261,510)	
15		**Subtotal**	(78,124,245)	(19,819,179)	-	(21,568,307)	-	(36,736,759)	
16		**Average Balance**	(39,062,123)	(9,909,589)	0	(10,784,154)	0	(18,368,380)	
17		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	18.1458%	36.7778%	3.4445%	
18		**Allocated Total**		0	0	(1,956,867)	0	(632,701)	**(2,589,567)**
		Account 190 - Form-1 page 234, Ln 8, Col. (c)							
		190 Balance to Use in Projection							
19	190.1	2009 Year End Tax Deferrals - Ws C-1	43,164,543	31,261,681	-	8,012,336	-	3,890,526	
20	190.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	18.5795%	37.5415%	3.4214%	
21	190.1	**Allocated Total**		0	0	1,488,654	0	133,110	**1,621,765**
		190 Balance to Use in True-Up							
22	190.1	2009 Year End Tax Deferrals - Ws C-1	43,164,543	31,261,681	-	8,012,336	-	3,890,526	
23	190.1	2008 Year End Tax Deferrals - Ws C-2	4,557,672	7,344,305	-	(7,559,769)	-	4,773,135	
24		**Subtotal**	47,722,215	38,605,986	-	452,567	-	8,663,661	
25		**Average Balance**	23,861,107	19,302,993	0	226,284	0	4,331,831	
26		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	18.1458%	36.7778%	3.4445%	
27		**Allocated Total**		0	0	41,061	0	149,210	**190,271**
		Account 255 - Form-1 page 266-267				Pre 1971 ITC Includeable in Rate Base			
		255 Balance to Use in Projection							
28	255	Acc Defrd ITC - Federal - 12/31/2009 (FF1 p. 267, Ln 2.h)	-			-			
29	255	**Transmission Allocator from Historic TCOS [GP or W/S]**				18.5795%			
30	255	**Allocated Total**		N/A	N/A	0	N/A	N/A	**0**
		255 Balance to Use in True-Up							
31	255	Acc Defrd ITC - Federal - 12/31/2009 (FF1 p. 267, Ln 2.h)	-			-			
32	255	Acc Defrd ITC - Federal - 12/31/2008 (FF1 p. 266, Ln 2.b)	-			-			
33		**Subtotal**	-			-			
34		**Average Balance**	0			0			
35		**Transmission Allocator from True-Up TCOS [GP or W/S]**				18.1458%			
36		**Allocated Total**		N/A	N/A	0	N/A	N/A	**0**

* Exclusions: Non-utility, fuel supply, off-system sales and other items as specified related to costs not included in rates.

Worksheet C-1 - ADIT & ITC Details

SOUTHWESTERN ELECTRIC POWER COMPANY
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2009

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method PTD Plant	T&D	Labor
2821001	230A	ACRS BENEFIT NORMALIZED	(264,559,066)	PTD			(264,559,066)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD			(1,271,727)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	81,564	PTD			81,564		
2821001	230X	R & D DEDUCTION - SECTION 174	(18,655,353)	PTD			(18,655,353)		
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS	(2,634,112)	PTD			(2,634,112)		
2821001	260A	SPARE PARTS INVENTORY	2,799,917	PTD			2,799,917		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(2,486,249)	E	(2,486,249)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(27,158,911)	PTD			(27,158,911)		
2821001	320A	ABFUDC	(23,799,593)	PTD			(23,799,593)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	30,922,993	PTD			30,922,993		
2821001	390A	CIAC - BOOK RECEIPTS	7,725,655	E	7,725,655				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(392,336)	PTD			(392,336)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(15,188,551)	PTD			(15,188,551)		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(6,568,625)	PTD			(6,568,625)		
2821001	532D	BOOK/TAX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(31,509,013)	PTD			(31,509,013)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(6,385,271)	PTD			(6,385,271)		
2821001	560K	LOSS-ABANDONMENT S TIE - BK	367,811	PTD			367,811		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,388,158	E	10,388,158				
2821001	662A	WRITE-OFF RE SFAS 71	(11,180,579)	PTD			(11,180,579)		
2821001	662B	SFAS 109 WRITE-OFF RE SFAS 71	(2,878,325)	PTD			(2,878,325)		
2821001	680A	JOINT VENTURES-SYS FUEL PRJ-TX	(22,866)	E	(22,866)				
2821001	710W	BREM & HAUGH ACQUSITON ADJ-TX	6,218,248	E	6,218,248				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	4,185	Labor					4,185
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	836,992	PTD			836,992		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(128,746)	PTD			(128,746)		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(5,584,213)	Labor					(5,584,213)
2821001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	E	(14,179,508)				
2821001	910K	REMOVAL CST	(24,193,600)	PTD			(24,193,600)		
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO	1,680	E	1,680				
2821001	960F-XS	EXCESS ADFIT 282	(3,111,727)	PTD			(3,111,727)		
2821		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(402,541,168)**		**7,645,119**	**0**	**(404,606,259)**	**0**	**(5,580,028)**
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	402,541,168						
2831001	510H	PROPERTY TAX-NEW METHOD-BOOK	(1,180,461)	PTD			(1,180,461)		
2831001	531A	EQTY IN SUBSIDIARIES (US)	0	E	0				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	317,893	E	317,893				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	583,477	E	583,477				
2831001	605B	ACCRUED BK PENSION EXPENSE	(24,185,290)	Labor					(24,185,290)
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158	45,719,814	E	45,719,814				
2831001	610S	REG ASSET-UNREAL LOSS FWD CMMT	0	PTD			0		
2831001	611D	DFD FEASBILTY STUDY-VALLY ELEC	0	PTD			0		
2831001	611S	UMBRELLA TRUST - PLCY CSV EARN	0	E	0				
2831001	613Z	ACC SEVER CSTS-ARK DO. #98339U	0	Labor					0
2831001	614G	PROV LA FUEL LITIGATION EXP	(0)	E	(0)				
2831001	630A	DEFERRED EXPENSES	(2,603,119)	PTD			(2,603,119)		
2831001	630J	DEFERRED STORM DAMAGE	(1,065,035)	PTD			(1,065,035)		
2831001	630M	RATE CASE DEFD CHGS	(1,320,283)	PTD			(1,320,283)		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(149,060)	PTD			(149,060)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	13,074	E	13,074				
2831001	640K	DEFD TAX GAIN-EPA AUCTION	(454,728)	E	(454,728)				
2831001	651N	RESEARCH & DEVELOPMENT-TX	0	PTD			0		
2831001	652B	COAL TRANSPORTATION IRS CONSENT AGREEMENT	0	E	0				
2831001	660A	TRANSITION REGULATORY ASSETS	0	E	0				
2831001	660F	REG ASSET - SFAS 143 - ARO	(164,927)	E	(164,927)				
2831001	660L	REG ASSET - DEFERRED LITIGATION COSTS	(0)	PTD			(0)		
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(45,719,814)	E	(45,719,814)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(43,859)	E	(43,859)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(7,128,855)	E	(7,128,855)				
2831001	664A	REG ASSET - UND/REC ENVIRON ADJ CLAUSE-LA	(1,021)	PTD			(1,021)		
2831001	710X	CAJUN ACQUISITION COSTS - TX	0	E	0				
2831001	711M	AMAX COAL CONTRACT-TX	0	E	0				
2831001	712K	CAPITALIZED SOFTWARE COST-BOOK	0	Labor					0
2831001	900A	LOSS ON REACQUIRED DEBT	(4,591,336)	PTD			(4,591,336)		
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT	275,782	PTD			275,782		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	3,707,240	Labor					3,707,240
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	(3,459)	Labor					(3,459)
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN	2,006,260	Labor					2,006,260
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	920G	TX AMORT-30% OF MINE DEV COSTS	(11,628)	E	(11,628)				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS	(1,155,492)	E	(1,155,492)				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	0	E	0				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT	(2,705)	E	(2,705)				
2831002	DSIT	DEFERRED STATE INCOME TAX	0	PTD			0		
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(37,157,532)**		**(8,047,751)**	**0**	**(10,634,532)**	**0**	**(18,475,249)**
		(absolute value Total Company Amount Ties to FF1 p.276(k) -- Acct 283 Electric)	37,157,532						
1901001	012A	SEC ALLOC-ITC-10% NON-REG	0	PTD			0		
1901001	260A	SPARE PARTS INVENTORY	0	PTD			0		
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL	(1,197,153)	E	(1,197,153)				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(0)	E	(0)				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY	(1,173,880)	E	(1,173,880)				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY	0	E	0				
1901001	460A	UNBILLED REVENUE	9,059,996	E	9,059,996				
1901001	520A	PROVS POSS REV REFDS	6,784,650	PTD			6,784,650		
1901001	560K	LOSS-ABANDONMENT S TIE - BK	0	PTD			0		
1901001	575G	MTM BK LOSS-A/L-TAX DEFL	0	E	0				
1901001	576F	MARK & SPREAD-DEFL-190-A/L	(1,244,521)	E	(1,244,521)				
1901001	602A	PROV WORKER'S COMP	65,762	Labor					65,762
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	397,293	Labor					397,293
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	43,859	E	43,859				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	159,033	Labor					159,033
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605K	ACCRUED BK BENEFIT COSTS	92,982	Labor					92,982
1901001	605O	ACCRUED PSI PLAN EXP	189,167	Labor					189,167
1901001	610A	BK PROV UNCOLL ACCTS	22,310	PTD			22,310		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	(0)	E	(0)				
1901001	610V	PROV-FAS 157 - A/L	(1,172)	E	(1,172)				
1901001	611E	ACCRUED MINE RECLAMATION	10,454,074	E	10,454,074				
1901001	611Y	PROVISION FOR LITIGATION	(52,814)	PTD			(52,814)		
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	159,500	Labor					159,500
1901001	613C	ACCRD ENVIRONMENTAL LIAB	55,717	PTD			55,717		
1901001	613D	MISC SCHEDULE M ADJUSTMENT	0	PTD			0		
1901001	613E	ACCRUED BOOK VACATION PAY	2,826,790	Labor					2,826,790
1901001	613V	ACCRD BK SEI EMP BENEFIT COSTS	0	E	0				
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS	0	Labor					0
1901001	614F	PROV DOLET HLS-MINING LITIGATN	0	E	0				
1901001	615A	ACCRUED INTEREST EXP -STATE	155,299	E	155,299				
1901001	615A	ACCRUED INTEREST EXP -STATE - MJE	(155,299)	E	(155,299)				
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(900,251)	E	(900,251)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	957,195	E	957,195				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	(559,386)	E	(559,386)				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	410,624	E	410,624				
1901001	615O	BK DFL RAIL TRANS REV/EXP	(0)	E	(0)				
1901001	630R	ACCRD ENERGY CONSERV EXPEND	0	PTD			0		
1901001	632H	TX DFL EXCESS POLE HEIGHTS	0	T&D				0	
1901001	633Y	DEFD REVENUE-DSM LOST REVENUES	0	E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(69,006)	E	(69,006)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	326,031	PTD			326,031		
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	574,464	E	574,464				
1901001	651A	IMPAIRED ASSETS RES-FAS 121-BK	0	E	0				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	419,782	E	419,782				
1901001	700B	TAX DEFL - FRAN COSTS	0	PTD			0		
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS	952,125	PTD			952,125		
1901001	710W	BREM & HAUGH ACQUSITON ADJ-TX	0	E	0				
1901001	711N	CAPITALIZED SOFTWARE COSTS-TAX	0	Labor					0
1901001	900J	CAPITAL STOCK EXPENSE - TX	0	PTD			0		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	7,128,855	E	7,128,855				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	5,146,194	E	5,146,194				
1901001	910I	INTEREST - BREMCO TRUST	0	E	0				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE	0	E	0				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE-MJE	0	E	0				
1901001	911S	ACCRUED SALES & USE TAX RESERVE	(1,964,025)	E	(1,964,025)				
1901001	911S	ACCRUED SALES & USE TAX RESERVE - MJE	2,431,100	E	2,431,100				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	510,719	E	510,719				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	1,234,214	E	1,234,214				
1901001	913T	TRANSITION COST - BOOK EXPENSE	0	Labor					0
1901001	985A	DEFERRED SOP 98-5	0	PTD			0		
1901001	911F-FIN48	DEFD STATE INCOME TAXES	(75,684)	PTD			(75,684)		
1901001	911Q-DSIT	DEFD STATE INCOME TAXES - FIN 48	0	E	0				
1901		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**43,164,543**		**31,261,681**	**0**	**8,012,336**	**0**	**3,890,526**
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	43,164,543						

Worksheet C-2 - ADIT & ITC Details

SOUTHWESTERN ELECTRIC POWER COMPANY
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2008

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method PTD Plant	T&D	Labor
2821001	230A	ACRS BENEFIT NORMALIZED	(241,322,849)	PTD			(241,322,849)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD			(1,271,727)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	81,564	PTD			81,564		
2821001	230X	R & D DEDUCTION - SECTION 174	(9,690,352)	PTD			(9,690,352)		
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS	(888,980)	PTD			(888,980)		
2821001	260A	SPARE PARTS INVENTORY	2,799,917	PTD			2,799,917		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(1,824,254)	E	(1,824,254)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(28,748,811)	PTD			(28,748,811)		
2821001	320A	ABFUDC	(13,458,519)	PTD			(13,458,519)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	15,369,717	PTD			15,369,717		
2821001	390A	CIAC - BOOK RECEIPTS	6,932,731	E	6,932,731				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(392,336)	PTD			(392,336)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(14,004,364)	PTD			(14,004,364)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(5,627,423)	PTD			(5,627,423)		
2821001	560K	LOSS-ABANDONMENT S TIE - BK	367,811	PTD			367,811		
2821001	611E	ACCRUED MINE RECLAMATION	0	E	0				
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,388,158	E	10,388,158				
2821001	662A	WRITE-OFF RE SFAS 71	(11,180,579)	PTD			(11,180,579)		
2821001	662B	SFAS 109 WRITE-OFF RE SFAS 71	(2,878,325)	PTD			(2,878,325)		
2821001	680A	JOINT VENTURES-SYS FUEL PRJ-TX	(22,866)	E	(22,866)				
2821001	710W	BREM & HAUGH ACQUSITON ADJ-TX	6,218,248	E	6,218,248				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	4,110	Labor					4,110
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	767,333	PTD			767,333		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(7,742,695)	Labor					(7,742,695)
2821001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	E	(14,179,508)				
2821001	910K	REMOVAL CST	(20,793,552)	PTD			(20,793,552)		
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO	(4,531,743)	E	(4,531,743)				
2821001	920G	TX AMORT-30% OF MINE DEV COSTS	0	E	0				
2821001	921A	BK DEPLETION-MINERALS & RIGHTS	0	E	0				
2821001	960F-XS	EXCESS ADFIT 282	(4,146,486)	PTD			(4,146,486)		
2821		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(339,775,778)**		**2,980,767**	**0**	**(335,017,960)**	**0**	**(7,738,585)**
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	339,775,778						
2831001	510H	PROPERTY TAX-NEW METHOD-BOOK	(1,180,461)	PTD			(1,180,461)		
2831001	531A	EQTY IN SUBSIDIARIES (US)	0	E	0				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	(1,652,885)	E	(1,652,885)				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	(581,696)	E	(581,696)				
2831001	605B	ACCRUED BK PENSION EXPENSE	(25,776,105)	Labor					(25,776,105)
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158	36,999,269	E	36,999,269				
2831001	610S	REG ASSET-UNREAL LOSS FWD CMMT	0	PTD			0		
2831001	611D	DFD FEASBILTY STUDY-VALLY ELEC	0	PTD			0		
2831001	611S	UMBRELLA TRUST - PLCY CSV EARN	0	E	0				
2831001	613Z	ACC SEVER CSTS-ARK DO. #98339U	0	Labor					0
2831001	614G	PROV LA FUEL LITIGATION EXP	(0)	E	(0)				
2831001	630M	RATE CASE DEFD CHGS	(34)	PTD			(34)		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(148,960)	PTD			(148,960)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	(6,944)	E	(6,944)				
2831001	640K	DEFD TAX GAIN-EPA AUCTION	(454,728)	E	(454,728)				
2831001	651N	RESEARCH & DEVELOPMENT-TX	0	PTD			0		
2831001	652B	COAL TRANSPORTATION IRS CONSENT AGREEMENT	0	E	0				
2831001	660A	TRANSITION REGULATORY ASSETS	0	E	0				
2831001	660F	REG ASSET - SFAS 143 - ARO	(89,559)	E	(89,559)				
2831001	660L	REG ASSET - DEFERRED LITIGATION COSTS	(606,118)	PTD			(606,118)		
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(36,999,269)	E	(36,999,269)				
2831001	661S	REG ASSET - SFAS 158 - SERP	29,409	E	29,409				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(7,482,800)	E	(7,482,800)				
2831001	662A	WRITE-OFF RE SFAS 71	0	PTD			0		
2831001	662B	SFAS 109 WRITE-OFF RE SFAS 71	0	PTD			0		
2831001	680A	JOINT VENTURES-SYS FUEL PRJ-TX	0	E	0				
2831001	710X	CAJUN ACQUISITION COSTS - TX	0	E	0				
2831001	711M	AMAX COAL CONTRACT-TX	0	E	0				
2831001	712K	CAPITALIZED SOFTWARE COST-BOOK	0	Labor					0
2831001	900A	LOSS ON REACQUIRED DEBT	(5,335,061)	PTD			(5,335,061)		
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT	358,874	PTD			358,874		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	3,182,577	Labor					3,182,577
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	2,405,944	Labor					2,405,944
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN	1,926,074	Labor					1,926,074
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	920G	TX AMORT-30% OF MINE DEV COSTS	(11,628)	E	(11,628)				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS	(1,517,894)	E	(1,517,894)				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	0	E	0				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT	(2,705)	E	(2,705)				
2831002	DSIT	DEFERRED STATE INCOME TAX	(4,022,014)	PTD			(4,022,014)		
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(40,966,714)**		**(11,771,428)**	**0**	**(10,933,775)**	**0**	**(18,261,510)**
		(absolute value Total Company Amount Ties to FF1 p.276(k) -- Acct 283 Electric)	40,966,714						
1901001	012A	SEC ALLOC-ITC-10% NON-REG	18,596	PTD			18,596		
1901001	260A	SPARE PARTS INVENTORY	0	PTD			0		
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL	(19,721,962)	E	(19,721,962)				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(880,686)	E	(880,686)				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY	(8,488,435)	E	(8,488,435)				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY	(549,666)	E	(549,666)				
1901001	460A	UNBILLED REVENUE	9,490,375	E	9,490,375				
1901001	520A	PROVS POSS REV REFDS	(10,388,760)	PTD			(10,388,760)		
1901001	560K	LOSS-ABANDONMENT S TIE - BK	0	PTD			0		
1901001	575G	MTM BK LOSS-A/L-TAX DEFL	421,828	E	421,828				
1901001	576F	MARK & SPREAD-DEFL-190-A/L	3,104,354	E	3,104,354				
1901001	602A	PROV WORKER'S COMP	86,101	Labor					86,101
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	392,541	Labor					392,541
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	(2,432)	E	(2,432)				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	102,337	Labor					102,337
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605K	ACCRUED BK BENEFIT COSTS	101,389	Labor					101,389
1901001	605O	ACCRUED PSI PLAN EXP	923,266	Labor					923,266
1901001	610A	BK PROV UNCOLL ACCTS	47,260	PTD			47,260		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	(108,536)	E	(108,536)				
1901001	611E	ACCRUED MINE RECLAMATION	9,619,693	E	9,619,693				
1901001	611Y	PROVISION FOR LITIGATION	52,814	PTD			52,814		
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	24,487	Labor					24,487
1901001	613C	ACCRD ENVIRONMENTAL LIAB	42,180	PTD			42,180		
1901001	613D	MISC SCHEDULE M ADJUSTMENT	0	PTD			0		
1901001	613E	ACCRUED BOOK VACATION PAY	3,143,015	Labor					3,143,015
1901001	613V	ACCRD BK SEI EMP BENEFIT COSTS	0	E	0				
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS	0	Labor					0
1901001	614F	PROV DOLET HLS-MINING LITIGATN	0	E	0				
1901001	615A	ACCRUED INTEREST EXP -STATE	58,237	E	58,237				
1901001	615A	ACCRUED INTEREST EXP -STATE - MJE	(155,299)	E	(155,299)				
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(748,144)	E	(748,144)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	963,118	E	963,118				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	(552,777)	E	(552,777)				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	560,126	E	560,126				
1901001	615O	BK DFL RAIL TRANS REV/EXP	208,824	E	208,824				
1901001	630R	ACCRD ENERGY CONSERV EXPEND	0	PTD			0		
1901001	632H	TX DFL EXCESS POLE HEIGHTS	0	T&D				0	
1901001	633Y	DEFD REVENUE-DSM LOST REVENUES	0	E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(69,006)	E	(69,006)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	308,311	PTD			308,311		
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	735,593	E	735,593				
1901001	651A	IMPAIRED ASSETS RES-FAS 121-BK	0	E	0				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(640,444)	E	(640,444)				
1901001	700B	TAX DEFL - FRAN COSTS	0	PTD			0		
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS	952,125	PTD			952,125		
1901001	710W	BREM & HAUGH ACQUSITON ADJ-TX	0	E	0				
1901001	711N	CAPITALIZED SOFTWARE COSTS-TAX	0	Labor					0
1901001	900J	CAPITAL STOCK EXPENSE - TX	0	PTD			0		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	7,482,800	E	7,482,800				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	4,796,940	E	4,796,940				
1901001	910I	INTEREST - BREMCO TRUST	0	E	0				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE	0	E	0				
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE-MJE	0	E	0				
1901001	911S	ACCRUED SALES & USE TAX RESERVE	(1,872,605)	E	(1,872,605)				
1901001	911S	ACCRUED SALES & USE TAX RESERVE - MJE	2,431,100	E	2,431,100				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	137,636	E	137,636				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	1,233,725	E	1,233,725				
1901001	913T	TRANSITION COST - BOOK EXPENSE	0	Labor					0
1901001	985A	DEFERRED SOP 98-5	0	PTD			0		
1901001	911F-FIN48	DEFD STATE INCOME TAXES	1,407,705	PTD			1,407,705		
1901001	911Q-DSIT	DEFD STATE INCOME TAXES - FIN 48	(110,053)	E	(110,053)				
1901		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**4,557,672**		**7,344,305**	**0**	**(7,559,769)**	**0**	**4,773,135**
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	4,557,672						

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
SOUTHWESTERN ELECTRIC POWER COMPANY

Materials & Supplies

Line Number	(A)	(B)	(C) Source	(D) Balance @ December 31, 2009	(E) Balance @ December 31, 2008	(F) Average Balance for Rate Year 2009	(G)	(H)	(I)
1									
2		Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	154,877	144,166	149,522			
3		General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	670,603	256,726	463,665			
4		Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	-			

Prepayment Balance Summary

		Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
5	Totals as of December 31, 2009	11,244,489	(57,751,013)	0	1,471,219	67,524,283	68,995,502
6	Totals as of December 31, 2008	12,793,755	(60,738,117)		1,264,347	72,260,426	73,524,773
7	**Average Balance**	12,019,122	(59,244,565)	0	1,367,783	69,892,355	71,260,138

Prepayments Account 165 - Balance @ 12/31/2009

	Acc. No.	Description	2009 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
8	1650001	Prepaid Insurance	1,046,635	0		753,743	292,892	1,046,635	Plant: Excess Gen. Lia. & Property Liability Ins.
9	1650004	Prepaid Interest	0	0		0		0	Prepaid Facility Fee on 1.5B Securitization
10	1650006	Other Prepayments	8,839,955	8,839,955				0	Prepaid Royalty Pmts to Coal Leaseholders & NERC Assessment fees.
11	1650009	Prepaid Carry Cost-Factored AR	80,621	80,621				0	AR Factoring - Excluded because it is retail.
12	1650010	Prepaid Pension Benefits	67,231,391	0			67,231,391	67,231,391	Prefunded Pension Expense
13	1650014	FAS 158 Qual Contra Asset	(67,231,391)	(67,231,391)				0	Non-Cash Offset Excludable from Rate Base
14	1650016	FAS 112 ASSETS	0				0	0	SFAS 158 Offset
15	1650021	Prepaid Insurance - EIS	717,476			717,476	0	717,476	EIS Excess General Liability & Prop. Ins.
16	165001209	Prepaid Taxes	559,802	559,802				0	Current balance for prepaid State Sales/Use Tax - consists of Ark $559,800 and Ok $2 .
17			0	0				0	
								0	
18		**Subtotal - Form 1, p 111.57.c**	11,244,489	(57,751,013)	0	1,471,219	67,524,283	68,995,502	
			check sum to FF1						

Prepayments Account 165 - Balance @ 12/31/2008

19	Acc. No.	Description	2008 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
20	1650001	Prepaid Insurance	1,544,478			1,254,083	290,395	1,544,478	Plant & Labor Allocable Policies
21	1650004	Prepaid Interest	10,264			10,264		10,264	Prepaid Facility Fee on 1.5B Securitization
22	1650006	Other Prepayments	11,062,810	11,062,810				-	Prepaid Royalty Payments to Coal Leaseholders
23	1650009	Prepaid Carry Cost-Factored AR	169,104	169,104				-	AR Factoring - Excluded because it is retail.
24	1650010	Prepaid Pension Benefits	71,970,031	0			71,970,031	71,970,031	Prefunded Pension Expense
25	1650014	FAS 158 Qual Contra Asset	(71,970,031)	(71,970,031)				0	Non-Cash Offset Excludable from Rate Base
26	1650016	FAS 112 ASSETS	7,098					0	
27			0					0	
28			0					0	
29			0					0	
								0	
30		**Subtotal - Form 1, p 111.57.d**	12,793,755	(60,738,117)		1,264,347	72,260,426	73,524,773	
			check sum to FF1						

AEP West SPP Member Companies
2010 Cost of Service Formula Rate
Worksheet E - IPP Credits
SOUTHWESTERN ELECTRIC POWER COMPANY

Line Number	(A) Description	(B) 2009
1	Net Funds from IPP Customers @ 12/31/2008 (2009 FORM 1, P269, (B))	10,737,053
2	Interest Accrual (company records)	257,742
3	Revenue Credits to Generators (company records)	(2,326,807)
4		6,325,788
	Other Adjustments (company records)	
5	Accounting Adjustment	(21,852)
6		-
7	Net Funds from IPP Customers 12/31/2009 (2009 FORM 1, P269, (F))	14,971,925
8	Average Balance for 2009 ((ln 1 + ln 7)/2)	12,854,489

I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified

A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects

ROE w/o incentives (Attachment H, ln 149)	11.20%	
Project ROE Incentive Adder (Enter as whole number)	0	basis points
ROE with additional 0 basis point incentive	11.20%	**<==Incentive ROE Cannot Exceed 12.45%**

Determine R (cost of long term debt, cost of preferred stock and percent is from Attachment H, lns 158 through160)

	%	Cost	Weighted cost
Long Term Debt	48.24%	0.0600	0.0289
Preferred Stock	0.16%	0.0487	0.0001
Common Stock	51.60%	0.1120	0.0578
		R =	0.0868

B. Determine Return using 'R' with hypothetical 0 basis point ROE increase for Identified Projects.

Rate Base (Attachment H, ln 75)	500,778,300
R (from A. above)	0.0868
Return (Rate Base x R)	43,474,310

C. Determine Income Taxes using Return with hypothetical 0 basis point ROE increase for Identified Projects.

Return (from B. above)	43,474,310
Tax Rate (Attachment H, ln 109)	36.46%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	38.25%
Income Tax Calculation (Return x EIT)	16,630,750
ITC Adjustment (Attachment H, ln 116)	(1,282,817)
Income Taxes	15,347,934

II. Calculate Net Plant Carrying Charge Rate (Fixed Charge Rate or FCR) with hypothetical 0 basis point ROE increase.

A. Determine Net Revenue Requirement less return and Income Taxes.

Net Revenue Requirement (Attachment H, ln 123)	104,987,801
Return (Attachment H, ln 118)	43,474,310
Income Taxes (Attachment H, ln 117)	15,347,934
Gross Margin Taxes (Attachment H, ln 122)	279,581
Net Revenue Requirement, Less Return and Taxes	45,885,976

B. Determine Net Revenue Requirement with hypothetical 0 basis point increase in ROE.

Net Revenue Requirement, Less Return and Taxes	45,885,976	
Return (from I.B. above)	43,474,310	
Income Taxes (from I.C. above)	15,347,934	
Net Revenue Requirement, with 0 Basis Point ROE increase	104,708,220	
#REF!	279,581	-
Revenue Requirement w/ Gross Margin Taxes	104,987,801	
Less: Depreciation (Attachment H, ln 95)	21,830,635	
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	83,157,166	

C. Determine Gross Margin Tax with hypothetical 0 basis point increase in ROE.

Net Revenue Requirement before Gross Margin Taxes, with 0 Basis Point ROE increase (II B. above)	104,708,220
Apportionment Factor to Texas (Worksheet K, ln 12)	38.04%
Apportioned Texas Revenues	39,833,034
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	27,883,124
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	278,831
Gross-up Required for Gross Margin Tax Expense	750
Total Additional Gross Margin Tax Revenue Requirement	279,581

D. Determine FCR with hypothetical 0 basis point ROE increase.

Net Transmission Plant (Attachment H, lns 46, 47, 48, 49, 51)	582,646,065
Net Revenue Requirement, with 0 Basis Point ROE increase	104,708,220
FCR with 0 Basis Point increase in ROE	17.97%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	83,157,166
FCR with 0 Basis Point ROE increase, less Depreciation	14.27%
FCR less Depreciation (Attachment H, ln 12)	14.27%
	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, ln 58)	786,731,548	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	869,565,533	<==From Input on Worksheet B
	1,656,297,081	
Transmission Plant Average Balance for 2009	828,148,541	
Annual Depreciation Expense (Attachment H, ln 95)	21,719,272	
Composite Depreciation Rate	2.62%	
Depreciable Life for Composite Depreciation Rate	38.13	
Round to nearest whole year	38	

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS

		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2010	19,649,349	19,649,349	$ -

Note: Review formulas in summary to ensure the proper year's revenue requirement is being accumulated for each project from the tables below.

NOTE: PART IV --- BPU Project Tables are contained in separate *.xls file

AEP West SPP Member Companies
2010 Cost of Service Formula Rate Projected on 2009 FF1 Balances
Worksheet G - Calculation of TRUED-UP Annual Revenue Requirement for BPU and Special-billed Projects
Based on a Carrying Charge Derived from Trued-Up 2009 Data
SOUTHWESTERN ELECTRIC POWER COMPANY

I. Calculate Return and Income Taxes with 0 basis point ROE increase for Projects Qualified for Incentive.

A. Determine 'R' with hypothetical 0 basis point increase in ROE for Identified Projects

ROE w/o incentives (Attachment H, ln 136)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% **<==Incentive ROE Cannot Exceed 12.45%**
Determine R (cost of long term debt, cost of preferred stock and percent is from Attachment H, lns 158 through160)			
	%	Cost	Weighted cost
Long Term Debt	50.41%	0.0588	0.0296
Preferred Stock	0.17%	0.0487	0.0001
Common Stock	49.42%	0.1120	0.0554
		R =	0.0851

B. Determine Return using 'R' with hypothetical 0 basis point ROE increase for Identified Projects.

Rate Base (Attachment H, ln 63)	421,382,824
R (fom A. above)	0.0851
Return (Rate Base x R)	35,844,718

C. Determine Income Taxes using Return with hypothetical 0 basis point ROE increase for Identified Projects.

Return (from B. above)	35,844,718
Tax Rate (Attachment H, ln 260)	36.46%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	37.40%
Income Tax Calculation (Return x EIT)	13,405,737
ITC Adjustment (Attachment H, ln 103)	(1,239,684)
Income Taxes	12,166,053

II. Calculate Net Plant Carrying Charge Rate (Fixed Charge Rate or FCR) with hypothetical 0 basis point ROE increase.

A. Determine Net Revenue Requirement less return and Income Taxes.

Net Revenue Requirement (Attachment H, ln 110)	92,727,754
Return (Attachment H, ln 105)	35,844,718
Income Taxes (Attachment H, ln 104)	12,166,053
Gross Margin Taxes (Attachment H, ln 109)	246,932
Net Revenue Requirement, Less Return and Taxes	44,470,050

B. Determine Net Revenue Requirement with hypothetical 0 basis point increase in ROE.

Net Revenue Requirement, Less Return and Taxes	44,470,050
Return (from I.B. above)	35,844,718
Income Taxes (from I.C. above)	12,166,053
Net Revenue Requirement, with 0 Basis Point ROE increase	92,480,821
Gross Margin Tax with Basis Point ROE Increase (II C. below)	246,932
Revenue Requirement w/ Gross Margin Taxes	92,727,754
Less: Depreciation (Attachment H, ln 83)	21,866,001
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	70,861,753

C. Determine Gross Margin Tax with hypothetical 0.112 basis point increase in ROE.

Net Revenue Requirement before Gross Margin Taxes, with 0 Basis Point ROE increase (II B. above)	92,480,821
Apportionment Factor to Texas (Worksheet K, ln 12)	38.04%
Apportioned Texas Revenues	35,181,495
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	24,627,046
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	246,270
Gross-up Required for Gross Margin Tax Expense	662
Total Additional Gross Margin Tax Revenue Requirement	246,932

D. Determine FCR with hypothetical 0 basis point ROE increase.

Net Transmission Plant (Attachment H, ln 39)	493,576,590
Net Revenue Requirement, with 0 Basis Point ROE increase	92,727,754
FCR with 0 Basis Point increase in ROE	18.79%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	70,861,753
FCR with 0 Basis Point ROE increase, less Depreciation	14.36%
FCR less Depreciation (Attachment H, ln 12)	14.36%
Incremental FCR with 0 Basis Point ROE increase, less Depreciatio	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, ln 58)	786,731,548	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	869,565,533	<==From Input on Worksheet B
	1,656,297,081	
Transmission Plant Average Balance for 2009	828,148,541	
Annual Depreciation Expense (Attachment H, ln 83)	21,866,001	
Composite Depreciation Rate	2.64%	
Depreciable Life for Composite Depreciation Rate	37.87	
Round to nearest whole year	38	

SUMMARY OF TRUED-UP ANNUAL REV. REQ. FOR SPP BPU & NON-BPU PROJECTS

		Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR	2009			
∑ Prior Year Projected (WS-F)	$	7,711,945	$ 7,711,945	$ -
∑ Prior Year True-Up (WS-G)	$	9,841,921	$ 9,841,921	$ -
True-up Adjustment For 2009		2,129,976	2,129,976	-

Note: Review formulas in summary to ensure the proper year's revenue requirement is being accumulated for each project from the tables below.

NOTE: PART IV --- BPU Project Tables are contained in separate *.xls file

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
SOUTHWESTERN ELECTRIC POWER COMPANY

Revenue Credits for

		Total Company	Non-Transmission	Transmission
I.	**Account 450, Forfeited Discounts**	3,615,403	3,615,403	-
II.	**Account 451,Miscellaneous Service Revenues**	1,476,994	1,476,994	0
III.	**Account 454, Rent from Electric Property**			
	1 Account 4540001 - Rent from Elect Property-Aff	2,050,406	2,050,406	-
	2 Account 4540002 - Rent from Elect Property - Non-Aff	7,282,179	7,282,179	-
	3 Account 4540003 - Rent from Elect Property - ABD - Aff		0	
	4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	30,900	30,900	
	5 Total Rents from Electirc Property	9,363,485		0

(Revenue related to transmission facilities for pole attachments, rentals, etc. Provide data sources and explanations in Section VIII, Notes below)

IV.	**Account 4560015, Revenues from Associated Business Development**			
	1 Account 4560015, Revenues from Associated Business Development	483,448	0	115,655
V.	**Total Other Operating Revenues To Reduce Revenue Requirement**			115,655
VI.	**Account 456.1, Revenues from Transmission of Electricity of Others**			50,341,802

(Provide data sources and any detailed explanations necessary in Section VIII Notes below)

Less:

1	**Transmission Direct Assignment Revenue (if costs not in the ARR)**	
2	**Sponsored Upgrade Revenue**	
3	**Credits against Transmission Service Revenue related to Generation Interconnections**	1,346,730
4	**Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor**	115,950
5	**Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor**	28,438,065
6	**Revenue Associated with Transmission Plant Excluded From SPP Tariff**	
7	**Distribution and Other Non-Transmission Revenue**	661,800
8	**Revenue from SPP Ancillary Services Provided**	4,297,537
9	**Base Plan Revenue (from SPP)**	4,448,637
10	**Flow Through of ERCOT Ancillary Charges**	0
11	**Other**	

Net Transmission Credits $11,033,083

VII. Total Worksheet A Revenue Credits $11,148,738

VIII. Data Sources:

Data for this worksheet came from the FERC Form 1 and the Company's General Ledger.

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
SOUTHWESTERN ELECTRIC POWER COMPANY

1	Other Expenses		
2	Direct Assignment Charge		$0
3	Sponsored Upgrades Charge		$0
4	Firm and Non-Firm Point-To-Point Charges		$0
5	Base Plan Charges		$0
6	Schedule 9 Charges		$0
7	SPP Schedule 12 - FERC Assessment		$0
8	SPP Schedule 1-A		$0
9	SPP Annual Assessment		$0
10	Ancillary Services Expenses		$0
11	Other		$0
12	Other		$0
13	Other		$0
14	Total	(sum of lines 2 through 13)	$0

Adjustment to charges that are booked to transmission accounts that are the responsibility of the TO's LSE.

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses
SOUTHWESTERN ELECTRIC POWER COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line Number	FERC Acct No.	Description	2009 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
		Account 926				
		2007 Base Year OPEB Expense (Note 1)				
1	9260021	Postretirement Benefits - OPEB	7,852,189			
2	9260057	Postret Ben Medicare Subsidy	(2,175,142)			
3		OPEB Billed From Service Corporation	496,027			
4		Net 2007 Base Year Expense	6,173,074			
5		2009 Current Year Expense				
6	9260021	Postretirement Benefits - OPEB	11,633,907			
7	9260057	Postret Ben Medicare Subsidy	(2,180,619)			
8		OPEB Billed From Service Corporation	979,495			
9		Net 2009 Expense	10,432,782			
10		**Net Increase (Decrease) in OPEB Expense**	4,259,708	This Amount Is Allocated on Wages & Salaries		
		Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.				
		Account 928				
11	9280000	Reg Commission Expense	69,943	69,943	-	
12	9280001	Reg Commission Expense - Adm	111,855	111,855	-	FERC Annual Assessment
13	9280002	Reg Commission Exp - Labor Accruals	(9,112)	(9,112)	-	Labor accruals - var. depts
14	9280002	Reg Commission Exp - Case	854,370	854,370	-	AR filing
15	9280002	Reg Commission Exp - Case	35,376	35,376	-	Misc Filing
16	9280002	Reg Commission Exp - Case	11,398	11,398	-	2009 TX EECRF Filing
17	9280002	Reg Commission Exp - Case	6,858	6,858	-	FERC Docket ER07-1369
18	9280002	Reg Commission Exp - Case	91,411	91,411	-	2009 TX Filing - Fuel Rec
19	9280002	Reg Commission Exp - Case	1,016,820	1,016,820	-	2009 TX Rate Filing
20	9280003	Rate Case Amort	(251,043)	(251,043)	-	
21		**Total**	1,937,875	1,937,875	0	
		Account 930.1				
22	9301000	General Advertising Expenses	931,076	931,076	-	
23	9301001	Newspaper Advertising Space	78,358	78,358	-	
24	9301002	Radio Station Advertising Time	19,102	19,102	-	
25	9301003	TV Station Advertising Time	16,100	16,100	-	
26	9301006	Spec Corporate Comm Info Proj	-	-	-	
27	9301008	Direct Mail and Handouts	1,452	1,452	-	
28	9301009	Fairs, Shows, and Exhibits	438	438	-	
29	9301010	Publicity	2,796	2,796	-	
30	9301011	Dedications, Tours, & Openings	43	43	-	
31	9301012	Public Opinion Surveys	88,248	88,248	-	
32	9301013	Movies Slide Films & Speeches	53,580	53,580	-	
33	9301014	Video Communications	127	127	-	
34	9301015	Other Corporate Comm Exp	192,696	192,696	-	
35		**Total**	1,384,014	1,384,014	-	
		Account 930.2				
36	9302000	Misc General Expenses	428,820	428,820	-	
37	9302003	Corporate & Fiscal Expenses	158,823	158,823	-	
38	9302004	Research, Develop&Demonstr Exp	30,184	30,184	-	
39	9302007	Assoc Business Development Exp - Transmission	120,103	-	120,103	
40	9302007	Assoc Business Development Exp - Distribution	261,885	261,885	-	
41		**Total**	999,815	879,712	120,103	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
SOUTHWESTERN ELECTRIC POWER COMPANY

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2009

State Income Tax Rate - Louisiana		8.00%	
Apportionment Factor		18.5300%	
Effective Louisiana State Income Tax Rate			1.4824%
State Income Tax Rate - Arkansas		6.50%	
Apportionment Factor		14.3179%	
Effective Arkansas State Income Tax Rate			0.9307%
State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		0.3062%	
Effective State Income Tax Rate			0.0173%
State Income Tax Rate - Ohio		8.5000%	
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2	0.00%	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Nebraska		7.81%	
Apportionment Factor		0.0239%	
Effective Nebraska State Income Tax Rate			0.0019%
Total Effective State Income Tax Rate			2.4323%

Note 1 --- The Oklahoma State Income Tax Rate of 6% is reduced to 5.66% due to the deductibility of Oklahoma State Income Taxes on the Oklahoma State Income Tax Return.

Note 2 --- The Ohio State Income Tax is being phased-out over a 5 year period and is being replaced with a Commercial Activities Tax. The taxable portion of income is 40% in 2007.

II. CALCULATION OF TEXAS GROSS MARGIN TAX

		Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (ln 118 of Template)	404,532,351	104,708,220	398,046,366	95,577,503	390,208,603	92,480,821
1	Apportionment Factor to Texas (ln12)	38.04%	38.04%	38.04%	38.04%	38.04%	38.04%
2	Apportioned Texas Revenues	$153,891,938	$39,833,034	$151,424,544	$36,359,533	$148,442,907	$35,181,495
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	107,724,357	27,883,124	105,997,181	25,451,673	103,910,035	24,627,046
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	1,077,244	278,831	1,059,972	254,517	1,039,100	246,270
7	Gross-up Required for Texas Gross Margin Expense ((ln 6 * ln 3 * ln 1)/(1- ln 5) * ln 5)	2,898	750	2,851	685	2,795	662
8	Total Additional Gross Margin Tax Revenue Requirement	1,080,142	279,581	1,062,823	255,202	1,041,895	246,932

9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)		
10	Texas Jurisdictional Load	1,356,106	KW
11	Total Load	3,564,766	KW
12	Allocation Percentage (ln 10 / ln 11)	38.04%	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet L - Taxes Other than Income
SOUTHWESTERN ELECTRIC POWER COMPANY

HISTORIC PERIOD EXPENSE (2009) - TO BE USED ON TRUE-UP TEMPLATE

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Account	Total Company	Property	Labor	Other	Non-Allocable
1	**Revenue Taxes**					
2		4,930,410				4,930,410
3	**Real Estate and Personal Property Taxes**					
4	Oklahoma Ad Valorum	392,363	392,363			
5	Arkansas Ad Valorum	3,454,051	3,454,051			
6	Louisiana Ad Valorum	15,794,721	15,794,721			
7	Texas Ad Valorum	14,633,734	14,633,734			
8	**Payroll Taxes**					
9	Federal Insurance Contribution (FICA)	4,803,021		4,803,021		
10	Federal Unemployment Tax	26,261		26,261		
11	State Unemployment Insurance	18,837		18,837		
12	**Production Taxes**					
13		-				-
14		-				-
15	**Miscellaneous Taxes**					
16	Federal Excise Tax	11,721				11,721
17	LA State Franchise	1,334,268			1,334,268	
18	DE State Franchise	94,913			94,913	
19	AR State Franchise	90,574			90,574	
20	Ok State Franchise Tax	20,100			20,100	
21	Ok State License	10			10	
22	AR State License	383			383	
23	Ok Local Franchise Tax - 2007	25			25	
24	Ohio State Franchise	991			991	
25	TX Local Franchise	8,972,786			8,972,786	
26	TX State Franchise	21,331			21,331	
27	LA Local Franchise	2,525,712			2,525,712	
28	AR Sales & Use Tax	-				-
29	LA Sales & Use Tax	785				785
30	NE Sales & Use Tax	(1)				(1)
31	Ok Sales & Use Tax	(1)				(1)
31a	TX Sales & Use Tax	319				319
31b	Multi-State Sales & Use Tax	(113,400)				(113,400)
31c	TX Misc Tax	701,213			701,213	
31d	LA Misc Tax	476,163			476,163	
31e	AR Misc Tax	492,809			492,809	
31f	NE Misc Tax	-			-	
31g	OK Misc Tax	20			20	
32	Total Taxes by Allocable Basis	58,684,119	34,274,869	4,848,119	14,731,298	4,829,833
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	58,684,119				

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances

Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2009

SOUTHWESTERN ELECTRIC POWER COMPANY

	(A)	(B)	(C)	(D)	(E)
	Issuance	**Principle Amount** FF1.p. 257.x (h)	**Interest Rate**	**Annual Expense**	**Notes**
	Long Term Debt (FF1.p. 256-257.h)				
1	*Affiliated Notes Payable*				
2	Senior Note, Series C to AEP, 4.45%	50,000,000	4.45%	2,225,000	8/20/2004
3				-	
4	*Pollution Control Bonds*				
5	PCRB - Titus - Series 2008, FERC (ES08-6)	41,135,000	4.50%	1,851,075	Issue 8/20/08
6	PCRB - Parish of DeSoto, LA - Series 2004	53,500,000	4.50%	2,407,500	
7	PCRB - Sabine River - Series 2006 - 4.95%	81,700,000	4.95%	4,044,150	Issue 4/11/08
8	*Senior Unsecured Notes*				
9	Senior Unsecured Notes - Series C	100,000,000	5.375%	5,375,000	
10	Senior Unsecured Notes - Series D	150,000,000	4.90%	7,350,000	
11	Senior Unsecured Notes - Series E	250,000,000	5.55%	13,875,000	
12	Senior Unsecured Notes - Series F	300,000,000	5.875%	17,625,000	
13	Senior Unsecured Notes - Series G	400,000,000	6.45%	25,800,000	
14				-	
15				-	
	Issuance Discount, Premium, & Expenses:				
16	Financial Hedges & Auction Fees	FF1.p256 & 257.i Lines Described as Hedges or Fees		1,392,042	p256/Ln21 & 256.1/Ln6
17	Amort of Debt Discount and Expenses	FF1.p. 117.63.c (or WS-N Ln 15)		1,747,210	
18	Less: Amor of Debt Premiums	FF1.p. 117.65.c (or WS-N Ln 17)		-	
	Reacquired Debt:				
19	Amortization of Loss	FF1.p. 117.64.c (or WS-N Ln 16)		2,124,929	
20	Less: Amortization of Gain	FF1.p. 117.66.c (or WS-N Ln 18)		237,408	
21	**Total Interest on Long Term Debt**	1,426,335,000	6.00%	85,579,498	
	Preferred Stock (FF1.p. 250-251)	**Preferred Balance Outstanding**			
22	5.00% Series - $100 - 37673 Shares O/S	3,767,300	5.00%	188,475	
23	4.65% Series - $100 - 1907 Shares O/S	190,700	4.65%	8,868	
24	4.28% Series - $100 - 7386 Shares O/S	738,600	4.28%	31,612	
25	**Dividends on Preferred Stock**	4,696,600	4.87%	228,955	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2009 FF1 Balances
SOUTHWESTERN ELECTRIC POWER COMPANY

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2008 and 12/31/2009

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2009	Balances @ 12/31/2008	Average
Development of Average Balance of Common Equity				
1	Total Proprietary Capital (p. 112.16.c&d)	1,528,823,193	1,253,349,448	1,391,086,321
2	Less Preferred Stock from Ln 46 below	4,696,600	4,696,600	4,696,600
3	Less Account 216.1 (p. 112.12.c&d)	11,523,885	9,498,840	10,511,363
4	Less Account 219.1 (p. 112.15.c&d)	(12,991,154)	(32,120,843)	(22,555,999)
5	**Average Balance of Common Equity**	1,525,593,862	1,271,274,851	**1,398,434,357**
Development of Cost of Long Term Debt Based on Average Outstanding Balance				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p112.20.c&d)	50,000,000	50,000,000	50,000,000
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	1,376,335,000	1,376,335,000	1,376,335,000
10	**Total Average Debt**	1,426,335,000	1,426,335,000	**1,426,335,000**
11	**Annual Interest Expense for 2009**			
12	Coupon Interest on Long Term Debt (256-257.33.i)			80,198,875
13	Less: Financial Hedge Gain/Expense from Ln 26 Included in Ln 12			(1,275,011)
14	Plus: Allowed Hedge Recovery from Ln 30 below			1,275,011
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,747,210
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			2,124,929
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			237,408
19	**Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)**			**83,833,606**
20	**Average Cost of Debt for 2010 (Ln 19/Ln 10)**			**5.88%**
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257 (Enter Gains as a Negative Number)			
22	SUN Series E 5.55% Financial Hedge (p256.1/Ln6)			1,275,011
23				
24				
25				
26	Total Hedge Amortization			1,275,011
27	Total Average Capital Balance for 2009 (Actual TCOS, Ln 137)			2,829,465,957
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable Amount			1,414,733
30	**Recoverable Hedge Amortization (Lesser of Ln 26 or Ln 29**			**1,275,011**
Development of Cost of Preferred Stock				
	Preferred Stock			**Average**
31	4.28% Series - 100 - Dividend Rate (p. 250-251. 10.a)	4.28%	4.28%	
32	4.28% Series - 100 - Par Value (p. 250-251. 10.c)	$ 100.00	$ 100.00	
33	4.28% Series - 100 - Shares O/S (p.250-251. 10.e)	7,386	7,386	
34	4.28% Series - 100 - Monetary Value (Ln 32 * Ln 33)	738,600	738,600	738,600
35	4.28% Series - 100 - Dividend Amount (Ln 31 * Ln 34)	31,612	31,612	31,612
36	4.65% Series - 100 - Dividend Rate (p. 250-251. 9.a)	4.65%	4.65%	
37	4.65% Series - 100 - Par Value (p. 250-251. 9.c)	$ 100.00	$ 100.00	
38	4.65% Series - 100 - Shares O/S (p.250-251. 9.e)	1,907	1,907	
39	4.65% Series - 100 - Monetary Value (Ln 37 * Ln 38)	190,700	190,700	190,700
40	4.65% Series - 100 - Dividend Amount (Ln 36 * Ln 39)	8,868	8,868	8,868
41	5% Series - 100 - Dividend Rate (p. 250-251. 8.a)	5.00%	5.00%	
42	5% Series - 100 - Par Value (p. 250-251. 8.c)	$ 100.00	$ 100.00	
43	5% Series - 100 - Shares O/S (p.250-251. 8.e)	37,673	37,673	
44	5% Series - 100 - Monetary Value (Ln 42 * Ln 43)	3,767,300	3,767,300	3,767,300
45	5% Series - 100 - Dividend Amount (Ln 41 * Ln 44)	188,365	188,365	188,365
46	**Balance of Preferred Stock (Lns 34, 39, 44)**	4,696,600	4,696,600	**4,696,600**
47	**Dividens on Preferred Stock (Lns 35, 40, 45)**	228,845	228,845	**228,845**
48	**Average Cost of Preferred Stock (Ln 47/46)**	4.87%	4.87%	**4.87%**