AEP Transmission Formula Rate Template
Utilizing FERC Form 1 Data
For rates effective July 1, 2011

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SPP Zone 1 Projected AEP Revenue Requirements

Line No.			TOTAL AEP Transco Revenue Requirement	=	OKTCo Annual Revenue Requirement	+	SWTCo Annual Revenue Requirement
A.	**AEP Network Integration Transmission Service (NITS)**						
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Line 1)	2,456,575		$2,317,325		$139,250
2	LESS: REVENUE CREDITS	(TCOS Line 5)	-		$0		$0
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6)	$2,456,575		$2,317,325		$139,250
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:						
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7)	2,068,615		2,068,615		-
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-		-		-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-		-		-
8	SUBTOTAL		2,068,615		2,068,615		-
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	387,960		248,710		139,250
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)	**$387,960**		**$248,710**		**$139,250**
12	2010 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	8,025.17 MW				
13	**AEP Monthly NITS Rate in $/MW - Month**	(Line 11 / Line 12) / 12	**$4.03**		**$2.58**		**$1.45**
B.	**Point-to-Point Service**						
14	Annual Point-to-Point Rate in $/MW - Year	(Line 11 / Line 12)	$48.34				
15	Monthly Point-to-Point Rate in $/MW - Month	(Line 14 / 12)	$4.03				
16	Weekly Point-to-Point Rate in $/MW - Weekly	(Line 14 / 52)	$0.93				
17	Daily On-Peak Point-to-Point Rate in $/MW - Day	(Line 14 / 260)	$0.19				
18	Daily Off-Peak Point-to-Point Rate in $/MW - Day	(Line 14 / 365)	$0.13				
19	Hourly On-Peak Point-to-Point Rate in $/MW - Hour	(Line 14 / 4160)	$0.01				
20	Hourly Off-Peak Point-to-Point Rate in $/MW - Hour	(Line 14 / 8760)	$0.01				

AEP Transmission Formula Rate Template
Utilizing FERC Form 1 Data
For rates effective July 1, 2011

SPP SCHEDULE 1 AEP Revenue Requirements

	Line No.			AEP Annual Revenue Requirement	OKTCo Annual Revenue Requirement	SWTCo Annual Revenue Requirement
A.	**Schedule 1 ARR For 2011 Projected Year**					
	1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)		$0	$0	$0
	2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)		$0		
	3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)		$0		
	4	Total 561 Internally Developed Costs	(Line 1 - Line 2 - Line 3)	$0	$0	$0
	5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)		-	$0	$0
	6	PROJECTED ZONAL ARR FOR 2008	(Line 4 - Line 5)	$0	$0	$0

B.	**Schedule 1 Projected 7/1/2011 Rate Calculations**			
7	2010 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	8,025.17 MW	
8	Annual Point-to-Point Rate in $/MW - Year	(Line 6 / Line 7)	$0.00	
9	Monthly Point-to-Point Rate (ln 8 / 12) $/MW - Month	(Line 8 / 12)	$0.00	
10	Weekly Point-to-Point Rate (ln 8 / 52) $/MW - Weekly	(Line 8 / 52)	$0.00	
11	Daily Off-Peak Point-to-Point Rate (ln 8 / 365) $/MW - Day	(Line 8 / 365)	$0.00	
12	Hourly Off-Peak Point-to-Point Rate (ln 8 / 8760) $/MW - Hour	(Line 8 / 8760)	$0.00	

AEP Transmission Formula Rate Template
Calculation of True-Up Rate For Schedule 9
For Calendar Year 2010

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

Line No.			AEP Annual Revenue Requirement	OKTCo Annual Revenue Requirement	SWTCo Annual Revenue Requirement
A. Network Service					
1	TRUE-UP YEAR 2010 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	385,583	$273,885	$111,699
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	-	$0	$0
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	$385,583	$273,885	$111,699
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	281,811	281,811	-
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
8	SUBTOTAL		281,811	281,811	-
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	103,772	(7,926)	111,699
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-	-
11	**TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2010**	**(Line 9 + Line 10)**	**103,772**	**(7,926)**	**111,699**
12	2010 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	8,025.17 MW		
13	**Monthly NITS Rate in $/MW - Month**	**(Line 11 / Line 12) /12**	**1.08**	**(0.08)**	**1.16**

AEP Transmission Formula Rate Template
Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
For Calendar Year 2010 and Projected Year 2011

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

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 2011 From WS-F			True-Up ARR CY2010 From Worksheet G (includes adjustment for SPP Collections)									
							Note: Columns (H) and (I) entries & totals reflect 6/12ths for Jul 1, 2010 effective date per Dockets ER10-355 (AEP) and ER11-2198 (SPP).									
							Base ARR				Incentive ARR					
Line No.	Sheet Name	Owner	Project Description	Year in Service	Base ARR (WS-F)	Incentive	Total	TRUE-UP Adjustment (WS-G)	Adjusted ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True-up	As Billed	Change	INTEREST Adjustment	Total Adjustments (True-Up, Billing, & Interest)	Total ADJUSTED Revenue Requirement Effective 7/1/2011
1	OKT.001	OKT	Snyder 138 kV Terminal Addition	2010	109,366	-	109,366	7,572	46,377	52,211	(5,834)	-	-	-	280	2,017	**111,383**
2	OKT.002	OKT	Coffeyville T to Dearing 138 kV Rebuild - 1.1 miles	2010	143,659	-	143,659	22,749	64,209	72,286	(8,077)	-	-	-	2,364	17,036	**160,694**
3	OKT.003	OKT	Tulsa Power Station Reactor	2011	125,485	-	125,485	-	-	-	-	-	-	-	-	-	**125,485**
4	OKT.004	OKT	Bartlesville SE to Coffeyville T Rebuild	2011	1,690,106	-	1,690,106	-	-	-	-	-	-	-	-	-	**1,690,106**
5			OKT Total		2,068,615	-	2,068,615	30,320	110,585	124,496	(13,911)	-	-	-	2,644	19,053	**2,087,668**
							Error -- OK, this yr ONLY, $30320 and $110585 totals above are 6/12ths of $60641 value in WS-G Summary Table and $221,170 from last year's Tot.Adj.ARR because of Jul 1, 2010 eff. date.)									
6	SWT.001	SWT	insert project name here	2011	-	-	-	-	-	-	-	-	-	-	-	-	**-**
7			SWT Total			-						-	-	-			

*<$100K investment

AEP West (SPP Zone-1)
Network Load for January Through December, 2010
Based on West Zone-SPP Monthly Transmission System Firm Peak Demands [1] for the Twelve Months Ended December 31, 2010

Historical Combined Load Worksheet (SPP Zone - 1)

Line No.		Peak Day / Peak Hour	1/8/2010 900	2/16/2010 800	3/3/2010 800	4/29/2010 1700	5/28/2010 1600	6/22/2010 1700	7/15/2010 1600	8/11/2010 1600	9/10/2010 1700	10/8/2010 1700	11/30/2010 2100	12/13/2010 800	12 Month Average MW	LRS
	SPP Load Responsibility															
1	**PSO** (2)		2,960.00	2,543.00	2,357.00	2,363.00	3,231.00	3,878.00	3,932.00	4,220.00	3,692.00	2,578.00	2,294.00	2,613.00	3,055.08	38.1%
2	**SWEPCO** (2)		3,270.00	2,894.00	2,769.00	2,397.00	3,173.00	3,682.00	3,596.00	3,876.00	3,366.00	2,631.00	2,526.00	2,869.00	3,087.42	38.5%
3	**AECC** (3)		830.00	663.00	611.00	386.00	609.00	785.00	768.00	841.00	690.00	466.00	550.00	673.00	656.00	8.2%
4	**WFEC** (3)		38.00	32.00	31.00	22.00	30.00	35.00	34.00	37.00	33.00	29.00	28.00	30.00	31.58	0.4%
5	**OMPA** (3)		95.00	83.00	77.00	83.00	121.00	151.00	151.00	170.00	148.00	89.00	79.00	83.00	110.83	1.4%
6	**OG&E** (3)		-	-	-	-	1.00	4.00	4.00	4.00	4.00	3.00	-	-	1.67	0.02%
7	**NTEC** (3)		863.00	727.00	675.00	360.00	573.00	664.00	615.00	687.00	573.00	380.00	523.00	688.00	610.67	7.6%
8	**ETEC** (3)		112.00	96.00	84.00	45.00	73.00	88.00	81.00	92.00	75.00	50.00	71.00	88.00	79.58	1.0%
9	**TEXLA** (3)		126.00	110.00	100.00	60.00	93.00	108.00	106.00	114.00	98.00	66.00	82.00	105.00	97.33	1.2%
10	**Greenbelt** (3)		5.00	5.00	4.00	3.00	5.00	9.00	5.00	10.00	5.00	5.00	5.00	5.00	5.50	0.07%
11	**Lighthouse** (3)		3.00	3.00	1.00	1.00	2.00	2.00	2.00	3.00	1.00	1.00	1.00	1.00	1.75	0.02%
12	**Bentonville, AR**		95.00	88.00	81.00	75.00	106.00	134.00	133.00	139.00	120.00	86.00	80.00	91.00	102.33	1.3%
13	**Prescott, AR** (Entergy) (3)		12.00	12.00	7.00	9.00	12.00	18.00	14.00	14.00	13.00	11.00	11.00	9.00	11.83	0.15%
14	**Minden, LA** (Entergy) (3)		27.00	24.00	23.00	24.00	34.00	40.00	40.00	43.00	36.00	26.00	26.00	24.00	30.58	0.4%
15	**Hope, AR** (3)		43.00	42.00	41.00	38.00	49.00	60.00	59.00	60.00	53.00	38.00	37.00	41.00	46.75	0.6%
16	**Coffeyville, KS** (3)		99.00	93.00	93.00	89.00	99.00	106.00	109.00	114.00	106.00	65.00	90.00	92.00	96.25	1.2%
17	**Zone 1 - System Firm Peak Demands**		**8,578.00**	**7,415.00**	**6,954.00**	**5,955.00**	**8,211.00**	**9,764.00**	**9,649.00**	**10,424.00**	**9,013.00**	**6,524.00**	**6,403.00**	**7,412.00**	**8,025.17**	
		Supporting Data														
18	**PSO:**	PSO Native Load (2)	2,903.00	2,500.00	2,315.00	2,339.00	3,188.00	3,823.00	3,877.00	4,161.00	3,640.00	2,549.00	2,259.00	2,566.00		
19		KAMO	36.00	29.00	29.00	18.00	30.00	39.00	39.00	41.00	38.00	21.00	23.00	32.00		
20		GRDA load on PSO	21.00	14.00	13.00	6.00	13.00	16.00	16.00	18.00	14.00	8.00	12.00	15.00		
21	**PSO Load Responsibility**		**2960.00**	**2543.00**	**2357.00**	**2363.00**	**3231.00**	**3878.00**	**3932.00**	**4220.00**	**3692.00**	**2578.00**	**2294.00**	**2613.00**		
22	**SWEPCO:**	SWEPCO Native Load (2) (6)	3,240.00	2,866.00	2,743.00	2,367.00	3,149.00	3,653.00	3,569.00	3,846.00	3,337.00	2,698.00	2,635.00	2,938.00		
23		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		
		Dolet Hills Aux. Load (4)	0.00	0.00	0.00	11.00	0.00	0.00	0.00	0.00	0.00	7.00	0.00	0.00		
24		CLECO (5)	24.00	22.00	20.00	13.00	18.00	23.00	21.00	24.00	23.00	0.00	0.00	0.00		
25		VEMCO (6)	0	0	0	0	0	0	0	0	0	-80	-115	-75		
26	**SWEPCO Load Responsibility**		**3270.00**	**2894.00**	**2769.00**	**2397.00**	**3173.00**	**3682.00**	**3596.00**	**3876.00**	**3366.00**	**2631.00**	**2526.00**	**2869.00**		

Notes:
(1) MW, at the time of the AEP-SPP Internal (MLR) Peak
(2) At the generator, includes transmission losses.
(3) At the generator. Transmission losses added to metered values which include appropriate dist.& xfmr losses.
(4) Not self-generated
(5) Formerly LaGen/Cajun - [Robson Rd]
(6) VEMCO (not within SPP) and its resources purchased by SWEPCO Oct. 1, 2010. VEMCO load included in SWEPCO Native starting Oct 1, 2010.

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 119)				$2,317,325
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	$ -
5	Total Revenue Credits		-			$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				$2,317,325

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)		2,068,615	DA	1.00000	$ 2,068,615
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%				14.15%
10	Monthly Rate	(ln 9 / 12)				1.18%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - 94 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				13.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 94 - ln 95- ln 116 - ln 117) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				1.23%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(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	*Line Deliberately Left Blank*					
17	*Line Deliberately Left Blank*					
18	Transmission	(Worksheet A ln 3.C & Hist. Template Ln 183)	1,611,355	DA		1,611,355
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	1.00000	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		14,953,087	DA	1.00000	14,953,087
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	1.00000	-
22	*Line Deliberately Left Blank*					
23	*Line Deliberately Left Blank*					
24	General Plant	(Worksheet A ln 7.C)	-	W/S	0.99983	-
25	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	-	W/S	0.99983	-
26	Intangible Plant	(Worksheet A ln 9.C)	69	W/S	0.99983	69
27	TOTAL GROSS PLANT	(sum lns 16 to 26)	16,564,511			16,564,511
28	ACCUMULATED DEPRECIATION AND AMORTIZATION					
29	Line Deliberately Left Blank		-	NA	0.00000	-
30	*Line Deliberately Left Blank*		-	NA	0.00000	-
31	Transmission	(Worksheet A ln 14.C & 28.C)	-	**TP1=**	0.00000	-
32	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.00000	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		188,333	DA	1.00000	188,333
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
35	Plus: Additional Transmission Depreciation for 2011 (ln 94)		-	TP1	0.00000	-
36	Plus: Additional General & Intangible Depreciation for (ln 96+ln 97)		1	W/S	0.99983	1
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
38	*Line Deliberately Left Blank*					
39	*Line Deliberately Left Blank*					
40	General Plant	(Worksheet A ln 18.C)	-	W/S	0.99983	-
41	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	-	W/S	0.99983	-
42	Intangible Plant	(Worksheet A ln 20.C)	1	W/S	0.99983	1
43	TOTAL ACCUMULATED DEPRECIATION	(sum lns 29 to 42)	188,335			188,335
44	NET PLANT IN SERVICE					
45	*Line Deliberately Left Blank*					
46	Transmission	(ln 18 + ln 19 - ln 31 - ln 32)	1,611,355			1,611,355
47	Plus: Transmission Plant-in-Service Additions (ln 20 - ln 33)		14,764,754			14,764,754
48	Plus: Additional Trans Plant on Transferred Assets (ln 21 - ln 34)		-			-
49	Plus: Additional Transmission Depreciation for 2011 (-ln 35)		-			-
50	Plus: Additional General & Intangible Depreciation for 2011 (-ln 36)		(1)			(1)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 37)		-			-
52	*Line Deliberately Left Blank*					
53	General Plant	(ln 24 + ln 25 - ln 40 - ln 41)	-			-
54	Intangible Plant	(ln 26 - ln 42)	68			68
55	TOTAL NET PLANT IN SERVICE	(sum lns 45 to 54)	16,376,176			16,376,176
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)	-	DA		-
59	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & ln 12.J)	(34,434)	DA		(34,434)
60	Account No. 190.1	(Worksheet C, ln 19.C & ln 21.J)	-	DA		-
61	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & ln 30.J)	-	DA		-
62	TOTAL ADJUSTMENTS	(sum lns 57 to 61)	(34,434)			(34,434)
63	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	-	DA		-
63a	REGULATORY ASSETS	(Worksheet A ln NOTE 1 . (C))	-	DA		-
64	WORKING CAPITAL	(Note F)				
65	Cash Working Capital	(1/8 * ln 80) (Note G)	2,925			2,925
66	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	-	TP	1.00000	-
67	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	-	W/S	0.99983	-
68	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	1.00000	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	-	W/S	0.99983	-
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	-	GP(h)	1.00000	-
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	-	NA	0.00000	-
73	TOTAL WORKING CAPITAL	(sum lns 65 to 72)	2,925			2,925
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7.(B))	-	DA	1.00000	-
75	RATE BASE (sum lns 55, 62, 63, 73, 74)		16,344,667			16,344,667

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
76	OPERATION & MAINTENANCE EXPENSE					
	Transmission	321.112.b	23,398			
77	Less: Total Account 561	(Note I) 321.84-92.b	-			
78	Less: Account 565	(Note J) 321.96.b	-			
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)	23,398	TP	1.00000	23,398
81	Administrative and General	323.197.b (Note K)	146,583			
82	Less: Acct. 924, Property Insurance	323.185.b	-			
83	Acct. 928, Reg. Com. Exp.	323.189.b	-			
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	146,583	W/S	0.99983	146,559
87	Plus: Acct. 924, Property Insurance	(ln 82)	-	GP(h)	1.00000	-
88	Acct. 928 - Transmission Specific	Worksheet J ln 9.(E) (Note L)	-	TP	1.00000	-
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 26.(E) (Note L)	-	TP	1.00000	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 32.(E) (Note L)	-	DA	1.00000	-
90a	PBOP Adjustment	Worksheet O ln 16.B	3,716	DA	1.00000	3,716
91	A & G Subtotal	(sum lns 86 to 90 less ln 90a)	150,299			150,274
92	TOTAL O & M EXPENSE	(ln 80 + ln 91)	173,697			173,672
93	DEPRECIATION AND AMORTIZATION EXPENSE					
94	Transmission	336.7.f	-	TP	1.00000	-
95	Plus: Transmission Plant-in-Service Additions (Worksheet B)		188,333	DA	1.00000	188,333
95a	Plus: Formation Costs Amortization	(Worksheet A ln 39.C)	28,109	DA	1.00000	28,109
96	General	336.10.f	-	W/S	0.99983	-
97	Intangible	336.1.f	1	W/S	0.99983	1
98	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 94 to 97)	216,443			216,443
99	TAXES OTHER THAN INCOME	(Note N)				
100	Labor Related					
101	Payroll	Worksheet L, Col. D	-	W/S	0.99983	-
102	Plant Related					
103	Property	Worksheet L, Col. C	-	GP(h)	1.00000	-
104	Gross Receipts/Sales & Use	Worksheet L, Col. F	20	NA	0.00000	-
105	Other	Worksheet L, Col. E	-	GP(h)	1.00000	-
106	TOTAL OTHER TAXES	(sum lns 101 to 105)	20			-
107	INCOME TAXES	(Note O)				
108	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.68%			
109	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.17%			
110	where WCLTD=(ln 161) and WACC = (ln 164)					
111	and FIT, SIT & p are as given in Note O.					
112	GRCF=1 / (1 - T) = (from ln 108)		1.6308			
113	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
114	Income Tax Calculation	(ln 109 * ln 117)	532,422			532,422
115	ITC adjustment	(ln 112 * ln 113)	-	NP(h)	1.00000	-
116	TOTAL INCOME TAXES	(sum lns 114 to 115)	532,422			532,422
117	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 164)	1,394,788			1,394,788
118	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E)	(Worksheet E, ln 2)	-	DA	1.00000	-
119	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		2,317,370			2,317,325
120	(sum lns 92, 98, 106, 116, 117, 118)					
121	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
122	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		2,317,370			2,317,325

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP OKLAHOMA TRANSMISSION COMPANY, INC

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
123	Total transmission plant	(ln 18, 19, 20, 21)						16,564,442
124	Less transmission plant excluded from SPP Tariff (Note Q)							-
125	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							-
126	Transmission plant included in SPP Tariff	(ln 123 - ln 124 - ln 125)						16,564,442
127	Percent of transmission plant in SPP Tariff	(ln 126 / ln 123)					**TP=**	**1.00000**
				Payroll Billed from				
128	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total			
129	*Line Deliberately Left Blank*							
130	Transmission	354.21.b	0	12,289	12,289	TP	1.00000	12,289
131	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
132	*Line Deliberately Left Blank*							
133	Other (Excludes A&G)	354.24,25,26.b	0	2	2	NA	0.00000	-
134	Total	(sum lns 129 to 133)	0	12,291	12,291			12,289
135	Transmission related amount						**W/S=**	**0.99983**
	STAND ALONE (Note T)							
136	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
137		Long Term Interest (Worksheet M, ln. 18, col. (D))						-
138		Less Preferred Stock (ln 162)						-
139	Development of Common Stock:							
140		Proprietary Capital (112.16.c)						(36,852)
141		Less Preferred Stock (ln 147)						-
142		Less Account 216.1 (112.12.c)						-
143		Less Account 219.1 (112.15.c)						-
144		Common Stock (ln 140 - ln 141 - ln 142 - ln 143)						(36,852)
				Capital Structure Percentages			Cost	
145		$		Actual	Cap Limit		(Note T)	Weighted
146	Long Term Debt (Worksheet M, ln. 18, col. (B))	-		0.00%	0.00%		-	0.0000
147	Preferred Stock (Worksheet M, ln. 24, col. (B))	-		0.00%	0.00%		-	0.0000
148	Common Stock (ln 144) (Note U)	(36,852)		0.00%	0.00%		0.0%	0.0000
149	Total (sum lns 146 to 148)	(36,852)					**WACC=**	**0.0000**
150	Capital Structure Equity Limit (Note U)	50.0%						
	PUBLIC SERVICE COMPANY OF OKLAHOMA (Note T)			***NOTE: All WACC related entries below sourced from PSO's FF1 or Template***				
151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
152		Long Term Interest (Worksheet M, ln. 18, col. (D))						61,067,025
153		Preferred Stock Dividends (Worksheet M, ln. 24, col. (D))						196,306
154	Development of Common Stock:							
155		Proprietary Capital (112.16.c)						847,354,003
156		Less Preferred Stock (ln 162)						4,881,800
157		Less Account 216.1 (112.12.c)						-
158		Less Account 219.1 (112.15.c)						8,494,172
159		Common Stock (ln 155 - ln 156 - ln 157 - ln 158)						833,978,031
				Capital Structure Percentages			Cost	
160		$		Actual	Cap Limit		(Note T)	Weighted
161	Long Term Debt (257.33.h)	973,610,000		53.72%	0.00%		0.0627	0.0337
162	Preferred Stock (251.f)	4,881,800		0.27%	0.00%		0.0402	0.0001
163	Common Stock (ln 159) (Note U)	833,978,031		46.01%	0.00%		11.2%	0.0515
164	Total (sum lns 161 to 163)	1,812,469,831					**WACC=**	**0.0853**
165	Capital Structure Equity Limit (Note U)	52.5%						

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP OKLAHOMA TRANSMISSION COMPANY, INC

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 74 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 118.
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	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
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 108) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 5.66% (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	The Capital Structure of AEP OKLAHOMA TRANSMISSION COMPANY, INC will be based on the Capital Structure of PSO until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes a stand alond capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (ln 152) / long term debt (ln 161). Preferred Stock cost rate = preferred dividends (ln 153) / preferred outstanding (ln 162). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 50% of AEP OKLAHOMA TRANSMISSION COMPANY, INC'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 can only change via an approved 205 or 206 filing.

AEP TRANSMISSION HOLDING COMPANY
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.			Total	Allocator		Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(ln 284)				$374,016
167	REVENUE CREDITS	(Note A)				
168	Transmission Credits	(Worksheet H)	-	DA	1.00000	$ -
169	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	$ -
170	Total Revenue Credits		-			$ -
171	REVENUE REQUIREMENT For All Company Facilities	(ln 166 less ln 170)				$ 374,016

MEMO: The Carrying Charge Calculations on lines 174 to 179 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 172 is included in the total on line 171.

172	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		2,068,615	DA	1.00000	$ 2,068,615
173	NET PLANT CARRYING CHARGE (w/o incentives)	(Note B)				
174	Annual Rate	(ln 166/ ln 211 x 100%)				23.21%
175	Monthly Rate	(ln 174 / 12)				1.93%
176	NET PLANT CARRYING CHARGE ON LINE 174 , W/O DEPRECIATION (w/o incentives)	(Note B)				
177	Annual Rate	((ln 166 - ln 259) / ln 211 x 100%)				23.21%
178	NET PLANT CARRYING CHARGE ON LINE 176, W/O INCOME TAXES, RETURN	(Note B)				
179	Annual Rate	((ln 166 - ln 259 - ln 281 - ln 282) / ln 211 x 100%)				11.65%
180	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP TRANSMISSION HOLDING COMPANY
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE D	**Allocator**		**Total Transmission**
181	GROSS PLANT IN SERVICE					
182	*Line Deliberately Left Blank*					
183	Transmission	(Worksheet A ln 3.C & Ln 291)	1,611,355	DA		1,611,355
184	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	1.00000	-
185	Plus: Transmission Plant-in-Service Additions (Worksheet B)		**N/A**	NA	0.00000	**N/A**
186	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		**N/A**	NA	0.00000	**N/A**
187	*Line Deliberately Left Blank*					
188	*Line Deliberately Left Blank*					
189	General Plant	(Worksheet A ln 7.C)	-	W/S	0.99983	-
190	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	-	W/S	0.99983	-
191	Intangible Plant	(Worksheet A ln 9.C)	69	W/S	0.99983	69
192	TOTAL GROSS PLANT	(sum lns 181 to 191)	1,611,424	**GP(h)=**	**1.000000**	1,611,424
				GTD=	**1.00000**	
193	ACCUMULATED DEPRECIATION AND AMORTIZATION					
194	*Line Deliberately Left Blank*					
195	*Line Deliberately Left Blank*					
196	Transmission	(Worksheet A ln 14.C & 28.C)	-	**TP1=**	0.00000	-
197	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.00000	-
198	Plus: Transmission Plant-in-Service Additions (Worksheet B)		**N/A**	DA	1.00000	**N/A**
199	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		**N/A**	DA	1.00000	**N/A**
200	Plus: Additional Transmission Depreciation for 2011 (ln 259)		**N/A**	TP1	0.00000	**N/A**
201	Plus: Additional General & Intangible Depreciation for 2011 (ln 261+ln 262)		**N/A**	W/S	0.99983	**N/A**
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		**N/A**	DA	1.00000	**N/A**
203	*Line Deliberately Left Blank*					
204	*Line Deliberately Left Blank*					
205	General Plant	(Worksheet A ln 18.C)	-	W/S	0.99983	-
206	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	-	W/S	0.99983	-
207	Intangible Plant	(Worksheet A ln 20.C)	1	W/S	0.99983	1
208	TOTAL ACCUMULATED DEPRECIATION	(sum lns 194 to 207)	1			1
209	NET PLANT IN SERVICE					
210	*Line Deliberately Left Blank*					
211	Transmission	(ln 183 + ln 184 - ln 196 - ln 197)	1,611,355			1,611,355.000
212	Plus: Transmission Plant-in-Service Additions (ln 185 - ln 198)		**N/A**			**N/A**
213	Plus: Additional Trans Plant on Transferred Assets (ln 186 - ln 199)		**N/A**			**N/A**
214	Plus: Additional Transmission Depreciation for 2011 (-ln 200)		**N/A**			**N/A**
215	Plus: Additional General & Intangible Depreciation for 2011 (-ln 201)		**N/A**			**N/A**
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 202)		**N/A**			**N/A**
217	*Line Deliberately Left Blank*					
218	General Plant	(ln 189 + ln 190 - ln 205 - ln 206)	-			-
219	Intangible Plant	(ln 191 - ln 207)	68			68
220	TOTAL NET PLANT IN SERVICE	(sum lns 210 to 219)	1,611,423	**NP(h)=**	**1.000000**	1,611,423
221	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
222	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
223	Account No. 282.1 (enter negative)	(Worksheet C, ln 1.C & ln 3.J)	-	DA		-
224	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & Ln 12.J)	(34,434)	DA		(34,434)
225	Account No. 190.1	(Worksheet C, ln 19.C & Ln 21.J)	-	DA		-
226	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & Ln 30.J)	-	DA		-
227	TOTAL ADJUSTMENTS	(sum lns 222 to 226)	(34,434)			(34,434)
228	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	-	DA		-
228a	REGULATORY ASSETS	(Worksheet A ln NOTE 1 . (C))	-	DA		-
229	WORKING CAPITAL	(Note F)				
230	Cash Working Capital	(1/8 * ln 245) (Note G)	2,925			2,925
231	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	-	TP	1.00000	-
232	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	-	W/S	0.99983	-
233	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	1.00000	-
234	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	-	W/S	0.99983	-
235	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	-	GP(h)	1.00000	-
236	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
237	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	-	NA	0.00000	-
238	TOTAL WORKING CAPITAL	(sum lns 230 to 237)	2,925			2,925
239	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7.(B))	-	DA	1.00000	-
240	RATE BASE (sum lns 220, 227, 228, 238, 239)		1,579,914			1,579,914

AEP TRANSMISSION HOLDING COMPANY
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

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					
241	Transmission	321.112.b	23,398			
242	Less: Total Account 561	(Note I) 321.84-92.b	0			
243	Less: Account 565	(Note J) 321.96.b	-			
244	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	-			
245	Total O&M Allocable to Transmission	(lns 241 - 242 - 243 - 244)	23,398	TP	1.00000	23,398
246	Administrative and General	323.197.b (Note K)	146,583			
247	Less: Acct. 924, Property Insurance	323.185.b	-			
248	Acct. 928, Reg. Com. Exp.	323.189.b	-			
249	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
250	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
251	Balance of A & G	(ln 246 - sum ln 247 to ln 250)	146,583	W/S	0.99983	146,559
252	Plus: Acct. 924, Property Insurance	(ln 247)	-	GP(h)	1.00000	-
253	Acct. 928 - Transmission Specific	Worksheet J ln 9.(E) (Note L)	-	TP	1.00000	-
254	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 26.(E) (Note L)	-	TP	1.00000	-
255	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 32.(E) (Note L)	-	DA	1.00000	-
255a	PBOP Adjustment	Worksheet O ln 16.B	3,716	DA	1.00000	3,716
256	A & G Subtotal	(sum lns 251 to 255 less ln 255a)	150,299			150,274
257	TOTAL O & M EXPENSE	(ln 245 + ln 256)	173,697			173,672
258	DEPRECIATION AND AMORTIZATION EXPENSE					
259	Transmission	336.7.f	-	TP	1.00000	-
260	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A			N/A
260a	Plus: Formation Costs Amortization	(Worksheet A ln 37.C)	14,055	DA	1.00000	14,055
261	General	336.10.f	-	W/S	0.99983	-
262	Intangible	336.1.f	1	W/S	0.99983	1
263	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 259 to 262)	14,056			14,056
264	TAXES OTHER THAN INCOME	(Note N)				
265	Labor Related					
266	Payroll	Worksheet L, Col. D	-	W/S	0.99983	-
267	Plant Related					
268	Property	Worksheet L, Col. C	-	GP(h)	1.00000	-
269	Gross Receipts/Sales & Use	Worksheet L, Col. F	20	NA	0.00000	-
270	Other	Worksheet L, Col. E	-	GP(h)	1.00000	-
271	TOTAL OTHER TAXES	(sum lns 266 to 270)	20			-
272	INCOME TAXES	(Note O)				
273	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.68%			
274	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		38.17%			
275	where WCLTD=(ln 326) and WACC = (ln 329)					
276	and FIT, SIT & p are as given in Note O.					
277	GRCF=1 / (1 - T) = (from ln 273)		1.6308			
278	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
279	Income Tax Calculation	(ln 274 * ln 282)	51,465			51,465
280	ITC adjustment	(ln 277 * ln 278)	-	NP(h)	1.00000	-
281	TOTAL INCOME TAXES	(sum lns 279 to 280)	51,465			51,465
282	RETURN ON RATE BASE (Rate Base*WACC)	(ln 240 * ln 329)	134,824			134,824
283	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		-	DA	1.00000	-
284	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		374,061			374,016
285	(sum lns 257, 263, 271, 281, 282, 283)					
286	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
287	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		374,061			374,016

AEP TRANSMISSION HOLDING COMPANY
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
288	Total transmission plant	(ln 183)						1,611,355
289	Less transmission plant excluded from SPP Tariff (Note Q)							-
290	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							-
291	Transmission plant included in SPP Tariff	(ln 288 - ln 289 - ln 290)						1,611,355
292	Percent of transmission plant in SPP Tariff	(ln 291 / ln 288)					**TP=**	**1.00000**
				Payroll Billed from				
293	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total			
294	*Line Deliberately Left Blank*							
295	Transmission	354.21.b		12,289	12,289	TP	1.00000	12,289
296	Regional Market Expenses	354.22.b			-	NA	0.00000	-
297	*Line Deliberately Left Blank*							
298	Other (Excludes A&G)	354.24,25,26.b		2	2	NA	0.00000	-
299	Total	(sum lns 294 to 298)	0	12,291	12,291			12,289
300	Transmission related amount						**W/S=**	**0.99983**

STAND ALONE (Note T)

301	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
302		Long Term Interest (Worksheet M, ln. 18, col. (D))					-
303		Preferred Stock Dividends (Worksheet M, ln. 24, col. (D))					-
304	Development of Common Stock:						
305		Proprietary Capital (112.16.c)					(36,852)
306		Less Preferred Stock (ln 312)					-
307		Less Account 216.1 (112.12.c)					-
308		Less Account 219.1 (112.15.c)					-
309		Common Stock (ln 305 - ln 306 - ln 307 - ln 308)					(36,852)
				Capital Structure Percentages		Cost	
310		$		Actual	Cap Limit	(Note T)	Weighted
311	Long Term Debt (Worksheet M, ln. 18, col. (B))	-		0.00%	0.00%	-	0.0000
312	Preferred Stock (Worksheet M, ln. 24, col. (B))	-		0.00%	0.00%	-	0.0000
313	Common Stock (ln 309) (Note U)	(36,852)		0.00%	0.00%	11.2%	0.0000
314	Total (sum lns 311 to 313)	(36,852)				**WACC=**	**0.0000**
315	Capital Structure Equity Limit (Note U)	50.0%					

PUBLIC SERVICE COMPANY OF OKLAHOMA (Note T) ***NOTE: All WACC related entries below sourced from PSO's FF1 or Template***

316	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
317		Long Term Interest (PSO FR Worksheet M, ln. 19, col. (D))					61,067,025
318		Preferred Stock Dividends (PSO FR Worksheet M, ln. 23, col. (D))					196,306
319	Development of Common Stock:						
320		Proprietary Capital (112.16.c)					847,354,003
321		Less Preferred Stock (ln 327)					4,881,800
322		Less Account 216.1 (112.12.c)					-
323		Less Account 219.1 (112.15.c)					8,494,172
324		Common Stock (ln 320 - ln 321 - ln 322 - ln 323)					833,978,031
				Capital Structure Percentages		Cost	
325		$		Actual	Cap Limit	(Note T)	Weighted
326	Long Term Debt (257.33.h)	973,610,000		53.72%	0.00%	0.0627	0.0337
327	Preferred Stock (251.f)	4,881,800		0.27%	0.00%	0.0402	0.0001
328	Common Stock (ln 324) (Note U)	833,978,031		46.01%	0.00%	11.2%	0.0515
329	Total (sum lns 326 to 328)	1,812,469,831				**WACC=**	**0.0853**
330	Capital Structure Equity Limit ***(Note U for PSO)***	52.5%					

AEP TRANSMISSION HOLDING COMPANY
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

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 180 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 245.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line 239 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 283.
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	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
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 273) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 5.66% (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	The Capital Structure of AEP OKLAHOMA TRANSMISSION COMPANY, INC will be based on the Capital Structure of PSO until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (ln 317) / long term debt (ln 326). Preferred Stock cost rate = preferred dividends (ln 318) / preferred outstanding (ln 327). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, AEP OKLAHOMA TRANSMISSION COMPANY, INC equity is limited to 50% of AEP OKLAHOMA TRANSMISSION COMPANY, INC'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 can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 106)				$273,885
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	$ -
5	Total Revenue Credits		-			$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				$273,885

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)		281,811	DA	1.00000	$ 281,811
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1/ ln 39 x 100%)				33.99%
10	Monthly Rate	(ln 9 / 12)				2.83%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 82) / ln 39 x 100%)				33.99%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 82 - ln 103 - ln 104) / ln 39 x 100%)				22.43%
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 2010 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(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	*Line Deliberately Left Blank*					
17	*Line Deliberately Left Blank*					
18	Transmission	(Worksheet A ln 3.E & Ln 113)	805,678	DA		805,678
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E)	-	TP	1.00000	-
20	*Line Deliberately Left Blank*					
21	*Line Deliberately Left Blank*					
22	General Plant	(Worksheet A ln 7.E)	-	W/S	0.99983	-
23	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	-	W/S	0.99983	-
24	Intangible Plant	(Worksheet A ln 9.E)	35	W/S	0.99983	34
25	TOTAL GROSS PLANT	(sum lns 16 to 24)	805,712	**GP(TU)=**	**1.00000**	805,712
				GTD=	**1.00000**	
26	ACCUMULATED DEPRECIATION AND AMORTIZATION					
27	*Line Deliberately Left Blank*					
28	*Line Deliberately Left Blank*					
29	Transmission	(Worksheet A ln 14.E & 28.E)	-	**TP1=**	0.00000	-
30	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.00000	-
31	*Line Deliberately Left Blank*					
32	*Line Deliberately Left Blank*					
33	General Plant	(Worksheet A ln 18.E)	-	W/S	0.99983	-
34	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	-	W/S	0.99983	-
35	Intangible Plant	(Worksheet A ln 20.E)	1	W/S	0.99983	0
36	TOTAL ACCUMULATED DEPRECIATION	(sum lns 27 to 35)	1			0
37	NET PLANT IN SERVICE					
38	*Line Deliberately Left Blank*					
39	Transmission	(ln 18 + ln 19 - ln 29 - ln 30)	805,678			805,678
40	*Line Deliberately Left Blank*					
41	General Plant	(ln 22 + ln 23 - ln 33 - ln 34)	-			-
42	Intangible Plant	(ln 24 - ln 35)	34			34
43	TOTAL NET PLANT IN SERVICE	(sum lns 38 to 42)	805,712	**NP(TU)=**	**1.00000**	805,711
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)	-	DA		-
47	Account No. 283.1 (enter negative)	(Worksheet C, ln 16.C & Ln 18.J)	(17,217)	DA		(17,217)
48	Account No. 190.1	(Worksheet C, ln 25.C & Ln 27.J)	-	DA		-
49	Account No. 255 (enter negative)	(Worksheet C, ln 34.C & Ln 36.J)	-	DA		-
50	TOTAL ADJUSTMENTS	(sum lns 45 to 49)	(17,217)			(17,217)
51	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	-	DA		-
51a	REGULATORY ASSETS	(Worksheet A ln NOTE 1 . (E))	-	DA		-
52	WORKING CAPITAL	(Note F)				
53	Cash Working Capital	(1/8 * ln 68) (Note G)	2,925			2,925
54	Transmission Materials & Supplies	(Worksheet D, ln 2.(F))	-	TP	1.00000	-
55	A&G Materials & Supplies	(Worksheet D, ln 3.(F))	-	W/S	0.99983	-
56	Stores Expense	(Worksheet D, ln 4.(F))	-	GP(TU)	1.00000	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 7.G)	-	W/S	0.99983	-
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 7.F)	-	GP(TU)	1.00000	-
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 7.E)	-	DA	1.00000	-
60	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 7.D)	-	NA	0.00000	-
61	TOTAL WORKING CAPITAL	(sum lns 53 to 60)	2,925			2,925
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 8.(B))	-	DA	1.00000	-
63	RATE BASE (sum lns 43, 50, 51, 61, 62)		791,419			791,419

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(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	23,398			
65	Less: Total Account 561	(Note I) 321.84-92.b	-			
66	Less: Account 565	(Note J) 321.96.b	-			
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)	23,398	TP	1.00000	23,398
69	Administrative and General	323.197.b (Note K)	146,583			
70	Less: Acct. 924, Property Insurance	323.185.b	-			
71	Acct. 928, Reg. Com. Exp.	323.189.b	-			
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	146,583	W/S	0.99983	146,559
75	Plus: Acct. 924, Property Insurance	(ln 70)	-	GP(TU)	1.00000	-
76	Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	-	TP	1.00000	-
77	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	-	GP(TU)	1.00000	-
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 32.(E) (Note L)	-	DA	1.00000	-
78a	PBOP Adjustment	Worksheet O ln 16.B	3,716	DA	1.00000	3,716
79	A & G Subtotal	(sum lns 74 to 78 less ln 78a)	150,299			150,274
80	TOTAL O & M EXPENSE	(ln 68 + ln 79)	173,697			173,672
81	DEPRECIATION AND AMORTIZATION EXPENSE					
82	Transmission	336.7.f	-	TP	1.00000	-
83	General	336.10.f	-	W/S	0.99983	-
83a	Plus: Formation Costs Amortization	(Worksheet A ln 37.E)	7,027	DA	1.00000	7,027
84	Intangible	336.1.f	1	W/S	0.99983	1
85	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 82 to 84)	7,028			7,028
86	TAXES OTHER THAN INCOME	(Note N)				
87	Labor Related					
88	Payroll	Worksheet L, Col. D	-	W/S	0.99983	-
89	Plant Related					
90	Property	Worksheet L, Col. C	-	GP(TU)	1.00000	-
91	Gross Receipts/Sales & Use	Worksheet L, Col. F	20	NA	0.00000	-
92	Other	Worksheet L, Col. E	-	GP(TU)	1.00000	-
93	TOTAL OTHER TAXES	(sum lns 88 to 92)	20			-
94	INCOME TAXES	(Note O)				
95	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		38.68%			
96	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		37.91%			
97	where WCLTD=(ln 148) and WACC = (ln 151)					
98	and FIT, SIT & p are as given in Note O.					
99	GRCF=1 / (1 - T) = (from ln 95)		1.6308			
100	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
101	Income Tax Calculation	(ln 96 * ln 104)	25,615			25,615
102	ITC adjustment	(ln 99 * ln 100)	-	NP(TU)	1.00000	-
103	TOTAL INCOME TAXES	(sum lns 101 to 102)	25,615			25,615
104	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 151)	67,570			67,570
105	INTEREST ON IPP CONTRIBUTION FOR CONST.	(Note E) (Worksheet E, ln 2)	-	DA	1.00000	-
106	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		273,929			273,885
107	(sum lns 80, 85, 93, 103, 104, 105)					
108	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
109	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		273,929			273,885

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
110	Total transmission plant	(ln 18)						805,678
111	Less transmission plant excluded from SPP Tariff (Note Q)							-
112	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							-
113	Transmission plant included in SPP Tariff	(ln 110 - ln 111 - ln 112)						805,678
114	Percent of transmission plant in SPP Tariff	(ln 113 / ln 110)					**TP=**	**1.00000**
115	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
116	*Line Deliberately Left Blank*							
117	Transmission	354.21.b	0	12,289	12,289	TP	1.00000	12,289
118	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
119	*Line Deliberately Left Blank*							
120	Other (Excludes A&G)	0	0	2	2	NA	0.00000	-
121	Total	(sum lns 116 to 120)	0	12,291	12,291			12,289
122	Transmission related amount						**W/S=**	**0.99983**
	STAND ALONE (Note T)							
123	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
124	Long Term Interest	Long Term Interest (Worksheet N, ln. 18, col. (E))						-
125	Preferred Dividends	Preferred Stock Dividends (Worksheet N, ln. 47, col. (E))						-
126	Development of Common Stock:							Average
127	Proprietary Capital	(Worksheet N, ln. 1, col. (E))						(18,426)
128	Less Preferred Stock (ln 134)	(Worksheet N, ln. 2, col. (E))						-
129	Less Account 216.1	(Worksheet N, ln. 3, col. (E))						-
130	Less Account 219	(Worksheet N, ln. 4, col. (E))						-
131	Common Stock	(ln 127 - ln 128 - ln 129 - ln 130)						(18,426)
				Capital Structure Percentages			Cost	
132		2011 Avg Balances		Actual	Cap Limit		(Note S)	Weighted
133	Avg Long Term Debt (Worksheet N, ln. 10, col. (E))	-		0.00%	0.00%		0.00%	0.0000
134	Avg Preferred Stock (Worksheet N, ln. 46, col. (E))	-		0.00%	0.00%		0.00%	0.0000
135	Avg Common Stock (ln 131) (Note U)	(18,426)		0.00%	0.00%		11.20%	0.0000
136	Total (sum lns 133 to 135)	(18,426)					**WACC=**	**0.0000**
137	Capital Structure Equity Limit (Note U)	50.0%						
	PUBLIC SERVICE COMPANY OF OKLAHOMA (Note T)			***NOTE: All WACC related entries below sourced from PSO's FF1 or Template***				
138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
139	Long Term Interest	Long Term Interest (PSO Worksheet N, ln. 18, col. (E))						61,343,067
140	Preferred Dividends	Preferred Stock Dividends (PSO Worksheet N, ln. 47, col. (E))						204,275
141	Development of Common Stock:							Average
142	Proprietary Capital	(PSO Worksheet N, ln. 1, col. (E))						832,177,118
143	Less Preferred Stock (ln 149)	(PSO Worksheet N, ln. 2, col. (E))						5,069,750
144	Less Account 216.1	(PSO Worksheet N, ln. 3, col. (E))						-
145	Less Account 219	(PSO Worksheet N, ln. 4, col. (E))						3,947,730
146	Common Stock	(ln 142 - ln 143 - ln 144 - ln 145)						823,159,638
				Capital Structure Percentages			Cost	
147		2011 Avg Balances		Actual	Cap Limit		(Note S)	Weighted
148	Avg Long Term Debt (PSO WS-N, ln. 10, col. (E))	972,485,000		54.01%	0.00%		6.31%	0.0341
149	Avg Preferred Stock (PSO WS-N, ln. 46, col. (E))	5,069,750		0.28%	0.00%		4.03%	0.0001
150	Avg Common Stock (ln 146) (Note U)	823,159,638		45.71%	0.00%		11.20%	0.0512
151	Total (sum lns 148 to 150)	1,800,714,388					**WACC=**	**0.0854**
152	Capital Structure Equity Limit *(PSO Note U)*	52.5%						

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

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 62 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 105.
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	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
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 95) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 5.66% (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	The Capital Structure of AEP OKLAHOMA TRANSMISSION COMPANY, INC will be based on the Capital Structure of PSO until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes a stand alond capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (ln 139) / long term debt (ln 148). Preferred Stock cost rate = preferred dividends (ln 140) / preferred outstanding (ln 149). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 50% of AEP OKLAHOMA TRANSMISSION COMPANY, INC'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 can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balances @ 12/31/2010	(D) Balances 12/31/2009	(E) Average Balance for 2010
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	*Line Deliberately Left Blank*				
2	*Line Deliberately Left Blank*				
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	1,611,355	-	805,678
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	*Line Deliberately Left Blank*				
6	*Line Deliberately Left Blank*				
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	-	-	-
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	-	-	-
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	69	-	35
10	**Total Property Investment Balance**	(Sum of Lines: 3, 7, 9)	1,611,424	-	805,712
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 4, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	*Line Deliberately Left Blank*				
13	*Line Deliberately Left Blank*				
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	-	-	-
15	**Transmission ARO Accumulated Depreciation**	Company Records	-	-	-
16	*Line Deliberately Left Blank*				
17	*Line Deliberately Left Blank*				
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	-	-	-
19	**General ARO Accumulated Depreciation**	Company Records	-	-	-
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	1	-	1
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 14, 18, 20)	1	-	1
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 15, 19)	-	-	-
Generation Step-Up Units					
23	**GSU Investment Amount**	Company Records	-	-	-
24	**GSU Accumulated Depreciation**	Company Records	-	-	-
25	**GSU Net Balance**	(Line 23 - Line 24)	-	-	-
Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation					
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	-	-	-
27	**Less: GSU Accumulated Depreciation**	(Line 24 Above)	-	-	-
28	**Subtotal of Transmission Net of GSU**	(Line 26 - Line 27)	-	-	-
Plant Held For Future Use					
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	-	-	-
30	**Transmission Plant Held For Future**	Company Records	-	-	-
Regulatory Assets and Liabilities Approved for Recovery In Ratebase					
	Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.				
31	Beginning Balance of Regulatory Asset (Note 1)		112,436	155,875	134,156
32	Amortization in Months		48	48	48
33	Monthly Amortization	(line 31 / line 32)	2,342	5,412	3,877
34	Months in 2010 to be amortized		6	0	3
35	Amortization Expense in 2010 Year	(line 33 X line 34)	14,055	0	7,027
36	Months in 2011 to be amortized		12	6	9
37	Amortization Expense in 2011 Year	(line 33 X line 36)	28,109	19,484	23,797
38	Ending Balance of Regulatory Asset	(line 31 - line 35)	98,382	155,875	127,129
39	Average Balance of Regulatory Asset	(line 31 + line 38)/2	105,409	155,875	130,642
40	Unamortized Balance of Regulatory Asset at YE 2010 (Note 1)		98,382	155,875	127,129
41	Total Regulatory Deferrals Included in Ratebase		0	0	0

NOTE 1 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEP TRANSMISSION HOLDING COMPANY
2011 Cost of Service Formula Rate Projected on 2010 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
AEP OKLAHOMA TRANSMISSION COMPANY, INC

I. Calculation of Composite Depreciation Rate

	STAND ALONE (Note 1)	
1	Transmission Plant @ Beginning of Historic Period (2010) (P.206, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2010) (P.207, ln 58,(g)):	1,611,355
3		1,611,355
4	Average Balance of Transmission Investment	805,678
5	Annual Depreciation Expense, Historic TCOS, ln 259	-
6	Composite Depreciation Rate	0.00%
7	Average Depreciable Life (Years)	0
	PUBLIC SERVICE COMPANY OF OKLAHOMA *(Note 1)*	
8	Transmission Plant @ Beginning of Historic Period (2010) (P.206, ln 58,(b)):	617,290,679
9	Transmission Plant @ End of Historic Period (2010) (P.207, ln 58,(g)):	663,993,516
10		1,239,955,574
11	Average Balance of Transmission Investment	640,642,098
12	Annual Depreciation Expense, PSO Historic TCOS, ln 246	12,482,714
13	Composite Depreciation Rate	1.95%
14	Average Depreciable Life (Years)	51

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

15	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
16	January	$ 158,335	1.95%	$ 3,085	$ 257	11	$ 2,828
17	February	$ 160,354	1.95%	$ 3,124	$ 260	10	$ 2,604
18	March	$ 10,186,656	1.95%	$ 198,484	$ 16,540	9	$ 148,863
19	April	$ 397,296	1.95%	$ 7,741	$ 645	8	$ 5,161
20	May	$ 300,408	1.95%	$ 5,853	$ 488	7	$ 3,414
21	June	$ 1,449,151	1.95%	$ 28,236	$ 2,353	6	$ 14,118
22	July	$ 1,165,988	1.95%	$ 22,719	$ 1,893	5	$ 9,466
23	August	$ 3,660	1.95%	$ 71	$ 6	4	$ 24
24	September	$ 3,661	1.95%	$ 71	$ 6	3	$ 18
25	October	$ 8,711	1.95%	$ 170	$ 14	2	$ 28
26	November	$ 1,114,284	1.95%	$ 21,711	$ 1,809	1	$ 1,809
27	December	$ 4,583	1.95%	$ 89	$ 7	0	$ -
28	Investment	$ 14,953,087				Depreciation Expense	$ 188,333

III. Plant Transferred

29	$ -	<== This input area is for original cost plant
30	$ -	<== 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.
31 (Ln 14 * Ln 29)	$ -	<== This input area is for additional Depreciation Expense

Note 1: Until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes Transmission plant in service the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER07-1069. The calculation for AEP OKLAHOMA TRANSMISSION COMPANY, INC is based on Plant Balances and Depreciation Expense for PSO and shown on lines 8 through 14.

AEP TRANSMISSION HOLDING COMPANY
2011 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission 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	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
2	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	99.9833%	
3	282.1	**Allocated Total**		0	0	0	0	0	**0**
		282 Balance to Use in True-Up							
4	282.1	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
5	282.1	2009 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	
6		**Subtotal**	-	-	-	-	-	-	
7		**Average Balance**	0	0	0	0	0	-	
8		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	99.9833%	
9		**Allocated Total**		0	0	0	0	0	**0**
		Account 283 - Form-1 page 276-277, Ln 9, Col (k)							
		283 Balance to Use in Projection							
10	282.1	2010 Year End Tax Deferrals - Ws C-1	(34,434)	-	(34,434)	-	-	-	
11	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	99.9833%	
12	282.1	**Allocated Total**		0	(34,434)	0	0	0	**(34,434)**
		283 Balance to Use in True-Up							
13	282.1	2010 Year End Tax Deferrals - Ws C-1	(34,434)	-	(34,434)	-	-	-	
14	282.1	2009 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	
15		**Subtotal**	(34,434)	-	(34,434)	-	-	-	
16		**Average Balance**	(17,217)	0	(17,217)	0	0	0	
17		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	99.9833%	
18		**Allocated Total**		0	(17,217)	0	0	0	**(17,217)**
		Account 190 - Form-1 page 234, Ln 8, Col. (c)							
		190 Balance to Use in Projection							
19	190.1	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
20	190.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	99.9833%	
21	190.1	**Allocated Total**		0	0	0	0	0	**0**
		190 Balance to Use in True-Up							
22	190.1	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
23	190.1	2009 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	
24		**Subtotal**	-	-	-	-	-	-	
25		**Average Balance**	0	0	0	0	0	0	
26		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	99.9833%	
27		**Allocated Total**		0	0	0	0	0	**0**
		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 - 12/31/2010 (FF1 p. 267, Ln 2.h)				-			
29	255.0	**Transmission Allocator from Historic TCOS [GP or W/S]**				100.0000%			
30	255.0	**Allocated Total**		N/A	N/A	0	N/A	N/A	**0**
		255 Balance to Use in True-Up							
31	255.0	Acc Defrd ITC - Federal - 12/31/2010 (FF1 p. 267, Ln 2.h)	-			-			
32	255.0	Acc Defrd ITC - Federal - 12/31/2009 (FF1 p. 266, Ln 2.b)				-			
33		**Subtotal**	-			-			
34		**Average Balance**	0			0			
35		**Transmission Allocator from True-Up TCOS [GP or W/S]**				100.0000%			
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

AEP OKLAHOMA TRANSMISSION COMPANY
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2010

						Allocation Method			
Account	**Line #**	**Description**	**Balance**		**Exclusions**	**100% Transmission**	**PTD Plant**	**T&D**	**Labor**
2821001									
2821001									
2821001									
2821001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**		**0**	**0**	**0**	**0**	**0**
2831001	664J	REG ASSET - PRE-FORMATION COSTS	(34,434)	T		(34,434)			
2831001									
2831001									
2831002	DSIT	DEFERRED STATE INCOME TAX		PTD			0		
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(34,434)**		**0**	**(34,434)**	**0**	**0**	**0**
1901001				PTD			0		
1901001				E	0				
1901001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**		**0**	**0**	**0**	**0**	**0**

Worksheet C-2 - ADIT & ITC Details

AEP OKLAHOMA TRANSMISSION COMPANY
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2009

					Allocation Method			
Account	**Line #**	**Description**	**Balance**	**Exclusions**	**100% Transmission**	**PTD Plant**	**T&D**	**Labor**
2821001								
2821001								
2821001								
2821001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**	**0**	**0**	**0**	**0**	**0**
2831001								
2831001								
2831001								
2831002	DSIT	DEFERRED STATE INCOME TAX						
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**	**0**	**0**	**0**	**0**	**0**
1901001								
1901001								
1901001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**	**0**	**0**	**0**	**0**	**0**

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Materials & Supplies

Line Number	(A)	(B)	(C) Source	(D) Balance @ December 31, 2010 FF1, p. 227, Col. (c)	(E) Balance @ December 31, 2009 FF1, p. 227, Col. (b)	(F) Average Balance for Rate Year 2010	(G)	(H)	(I)
1									
2		Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	0	0	-			
3		General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	0	0	-			
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, 2010	0	0	0	0	0	0
6	Totals as of December 31, 2009						
7	**Average Balance**	0	0	0	0	0	0

Prepayments Account 165 - Balance @ 12/31/2010

8	Acc. No.	Description	2010 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
9	1650001		0	0		0	0	-	Plant and Labor Allocable Policies
10	165000206		0	0		0		-	Prepaid Ok State Taxes
11	1650004		0	0				-	Prepaid Facility Fee on 1.5B Securitization
12	1650005		0	0			0	-	Executive Life Insurance
13	1650006		0	0				-	OCC Assessment Fees - Retail Only
14	1650009		0	0				-	AR Factoring - Retail Only
15	1650010		0	0			0	-	Prefunded Pension Expense
16	1650014		0	0				-	
17	1650014		0	0				-	
18	1650016		0	0				-	
		Subtotal - Form 1, p 111.57.c	0	0	0	0	0	0	
			check against FF1						

Prepayments Account 165 - Balance @ 12/31/2009

19	Acc. No.	Description	2009 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
20	1650001		0	0		0	0	-	Plant and Labor Allocable Policies
21	165000206		0	0		0		-	Prepaid Ok State Taxes
22	1650004		0	0		0		-	Prepaid Facility Fee on 1.5B Securitization
23	1650005		0	0			0	-	Executive Life Insurance
24	1650006		0	0				-	OCC Assessment Fees - Retail Only
25	1650009		0	0				-	AR Factoring - Retail Only
26	1650010		0	0			0	-	Prefunded Pension Expense
27	1650014		0	0				-	
28			0	0				-	
29			0	0				-	
30		**Subtotal - Form 1, p 111.57.c**							
			check against FF1						

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet E - IPP Credits
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line Number	(A) Description	(B) 2010
1	Net Funds from IPP Customers @ 12/31/2009 (2010 FORM 1, P269, (B))	
2	Interest Accrual (company records)	
3	Revenue Credits to Generators (company records)	
4	Other Adjustments (company records)	
5	Accounting Adjustment	-
6		-
7	Net Funds from IPP Customers 12/31/2010 (2010 FORM 1, P269, (F))	-
8	Average Balance for 2010 ((ln 1 + ln 7) / 2)	-

AEP TRANSMISSION HOLDING COMPANY
2011 Cost of Service Formula Rate Projected on 2010 FF1 Balances
Worksheet F - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects
Based on a Carrying Charge Derived from Historic 2010 Data
AEP OKLAHOMA TRANSMISSION COMPANY, INC

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 (Projected TCOS, ln 163)			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 *PSO* Projected TCOS, lns *148 through 150*)			
	%	Cost	Weighted cost
Long Term Debt	53.72%	0.0627	0.0337
Preferred Stock	0.27%	0.0402	0.0001
Common Stock	46.01%	0.1120	0.0515
		R =	0.0853

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS				
		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2011	2,068,615	2,068,615	$ -

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

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

Rate Base (Projected TCOS, ln 75)	16,344,667
R (fom A. above)	0.0853
Return (Rate Base x R)	1,394,788

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

Return (from B. above)	1,394,788
Tax Rate (Projected TCOS, ln 105)	38.68%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	38.17%
Income Tax Calculation (Return x EIT)	532,422
ITC Adjustment (Projected TCOS, ln 115)	-
Income Taxes	532,422

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

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 (Projected TCOS, ln 122)	2,317,325
Return (Projected TCOS, ln 117)	1,394,788
Income Taxes (Projected TCOS, ln 116)	532,422
Gross Margin Taxes (Projected TCOS, ln 121)	-
Net Revenue Requirement, Less Return and Taxes	390,116

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

Net Revenue Requirement, Less Return and Taxes	390,116
Return (from I.B. above)	1,394,788
Income Taxes (from I.C. above)	532,422
Net Revenue Requirement, with 0 Basis Point ROE increase	2,317,325
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	2,317,325
Less: Depreciation (Projected TCOS, ln 94)	-
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	2,317,325

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)	2,317,325
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 (Projected TCOS, lns 46, 47, 48, 49, 51)	16,376,109
Net Revenue Requirement, with 0 Basis Point ROE increase	2,317,325
FCR with 0 Basis Point increase in ROE	14.15%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	2,317,325
FCR with 0 Basis Point ROE increase, less Depreciation	14.15%
FCR less Depreciation (Projected TCOS, ln 12)	13.00%
	1.15%
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)	617,290,679	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	663,993,516	<==From Input on Worksheet B
	1,281,284,195	
Transmission Plant Average Balance for 2010	640,642,098	
Annual Depreciation Expense (Historic TCOS, ln 259)	12,482,714	
Composite Depreciation Rate	1.95%	
Depreciable Life for Composite Depreciation Rate	51.32	
Nearest whole year	51	

Note 1: Until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER07-1069. The calculation for AEP OKLAHOMA TRANSMISSION COMPANY, INC is based on Plant Balances and Depreciation Expense for PSO and shown on lines 8 through 14 of Worksheet B.

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 (True-Up TCOS, ln 150)	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 *PSO* True-Up TCOS, lns *147 through 149*)

	%	Cost	Weighted cost
Long Term Debt	54.01%	0.0631	0.0341
Preferred Stock	0.28%	0.0403	0.0001
Common Stock	45.71%	0.1120	0.0512
		R =	0.0854

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

Rate Base (True-Up TCOS, ln 63)	791,419
R (fom A. above)	0.0854
Return (Rate Base x R)	67,570

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

Return (from B. above)	67,570
Tax Rate (True-Up TCOS, ln 95)	38.68%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	37.91%
Income Tax Calculation (Return x EIT)	25,615
ITC Adjustment (True-Up TCOS, ln 102)	-
Income Taxes	25,615

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 (True-Up TCOS, ln 109)	273,885
Return (True-Up TCOS, ln 104)	67,570
Income Taxes (True-Up TCOS, ln 103)	25,615
Gross Margin Taxes (True-Up TCOS, ln 108)	-
Net Revenue Requirement, Less Return and Taxes	180,700

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

Net Revenue Requirement, Less Return and Taxes	180,700
Return (from I.B. above)	67,570
Income Taxes (from I.C. above)	25,615
Net Revenue Requirement, with 0 Basis Point ROE increase	273,885
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	273,885
Less: Depreciation (True-Up TCOS, ln 82)	-
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	273,885

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)	273,885
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 (True-Up TCOS, ln 39)	805,678
Net Revenue Requirement, with 0 Basis Point ROE increase	273,885
FCR with 0 Basis Point increase in ROE	33.99%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	273,885
FCR with 0 Basis Point ROE increase, less Depreciation	33.99%
FCR less Depreciation (True-Up TCOS, ln 12)	33.99%
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)	617,290,679	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	663,993,516	<==From Input on Worksheet B
	1,281,284,195	
Transmission Plant Average Balance for 2010	640,642,098	
Annual Depreciation Expense (True-Up TCOS, ln 82)	12,482,714	
Composite Depreciation Rate	1.95%	
Depreciable Life for Composite Depreciation Rate	51.32	
Round to nearest whole year	51	

Note 1: Until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER07-1069. The calculation for AEP OKLAHOMA TRANSMISSION COMPANY, INC is based on Plant Balances and Depreciation Expense for PSO and shown on lines 8 through 14 of Worksheet B.

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

TRUE-UP YEAR 2010	Rev Require	W Incentives	Incentive Amounts
∑ Prior Year Projected (WS-F)	$ 221,170	$ 221,170	$ -
∑ Prior Year True-Up (WS-G)	$ 281,811	$ 281,811	$ -
True-up Adjustment For 2010	60,641	60,641	-

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 2010 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Revenue Credits for

		Total Company	Non-Transmission	Transmission
I.	**Account 450, Forfeited Discounts**		-	-
II.	**Account 451,Miscellaneous Service Revenues**		-	-
III.	**Account 454, Rent from Electric Property**			
1	Account 4540001 - Rent from Elect Property-Aff		-	
2	Account 4540002 - Rent from Elect Property - Non-Aff		-	
3	Account 4540003 - Rent from Elect Property - ABD - Aff		-	
4	Account 4540004 - Rent from Elect Property - ABD - Non-Aff		-	
5	Total Rents from Electirc Property	-		-

(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			
V.	**Total Other Operating Revenues To Reduce Revenue Requirement**			-
VI.	**Account 456.1, Revenues from Transmission of Electricity of Others**			$110,585

(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**	
4	**Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor**	
5	**Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor**	
6	**Revenue Associated with Transmission Plant Excluded From SPP Tariff**	
7	**Other Non-Transmission Revenue**	
8	**Revenue from SPP Ancillary Services Provided**	
9	**Base Plan Revenue (from SPP)**	110,585
10	**Flow Through of ERCOT Ancillary Charges**	
11	**Other**	
	Net Transmission Credits	$0
VII.	**Total Worksheet A Revenue Credits**	$0

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 2010 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
AEP OKLAHOMA TRANSMISSION COMPANY, INC

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 2010 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(A)	(B)	(C)	(D)	(E)	(F)
Line Number	FERC Acct No.	Description	2010 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
		Account 928				
1	9280000				-	
2	9280001				-	
3	9280002				-	
4	9280002				-	
5	9280002				-	
6	9280002				-	
7	9280002				-	
8			-	-	-	
9		**Total**	0	-	-	
		Account 930.1				
10	9301001				-	
11	9301001				-	
12	9301006				-	
13	9301008				-	
14	9301009				-	
15	9301010				-	
16	9301011				-	
17	9301012				-	
18	9301013				-	
19	9301014				-	
20	9301015				-	
21			-	-	-	
22			-	-	-	
23			-	-	-	
24			-	-	-	
25			-	-	-	
26		**Total**	0	-	-	
		Account 930.2				
27				0		
28				0		
29				0		
30					0	
31				-	-	
32		**Total**	0	-	-	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2010 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
AEP OKLAHOMA TRANSMISSION COMPANY, INC

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2010

State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		100.0000%	
Effective State Income Tax Rate			5.6600%
State Income Tax Rate - Ohio		0.0000%	
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			5.6600%

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 117 of Template)	2,317,370	2,317,325	374,061	374,016	273,929	273,885
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 2010 FF1 Balances
Worksheet L - Taxes Other than Income
AEP OKLAHOMA TRANSMISSION COMPANY, INC

HISTORIC PERIOD EXPENSE (2010) - 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						-
3	**Real Estate and Personal Property Taxes**					
4			-			
5			-			
6			-			
7			-			
8	**Payroll Taxes**					
9				-		
10				-		
11				-		
12	***Line Deliberately Left Blank***					
13		-				-
14		-				-
15	**Miscellaneous Taxes**					
16	OK Misc. Tax	20				20
17					-	
18						-
19					-	
20					-	
21					-	
22						-
23					-	
24					-	
25					-	
26					-	
26					-	
27	Total Taxes by Allocable Basis	20	-	-	-	20
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	20				

AEP TRANSMISSION HOLDING COMPANY
Cost of Service Formula Rate Using 2010 FF1 Balances

Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2010

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(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	*Bonds - Acc 221*				
2				-	0
3	*Reacquired Bonds - Total Account 222*				
4				-	0
4				-	0
5				-	0
6	*Advances from Assoc Companies*				
7				-	0
8				-	0
9				-	0
10				-	0
11	*Other Long Term Debt - Acc 224*			-	0
12				-	0
13				-	
	Issuance Discount, Premium, & Expenses:				
14	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-	
15	Less: Amor of Debt Premimums	FF1.p. 117.65.c		-	
	Reacquired Debt:				
16	Amortization of Loss	FF1.p. 117.64.c		-	
17	Less: Amortization of Gain	FF1.p. 117.66.c		-	
18	**Total Interest on Long Term Debt**	-	0.00%	-	
	Preferred Stock (FF1.p. 250-251)	**Preferred Balance Outstanding**			
19				-	
20				-	
21				-	
22				-	
23				-	
24	**Dividends on Preferred Stock**	-	0.00%	-	

AEP TRANSMISSION HOLDING COMPANY
Cost of Service Formula Rate Using 2010 FF1 Balances
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2009 and 12/31/2010

(A) Line	(B)	(C) Balances @ 12/31/2010	(D) Balances @ 12/31/2009	(E) Average
Development of Average Balance of Common Equity				
1	Total Proprietary Capital (p. 112.16.c&d)	(36,852)	-	(18,426)
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	0	0	-
4	Less Account 219.1 (p. 112.15.c&d)	-	-	-
5	**Average Balance of Common Equity**	(36,852)	-	**(18,426)**
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)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	-	-	-
10	**Total Average Debt**	-	-	**-**
11	**Annual Interest Expense for 2011**			
12	Coupon Interest on Long Term Debt (256-257.33.i)			-
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC			
13	Form 1 included in Ln 12 and shown in Ln 30 below.			-
14	Amort of Debt Discount & Expense (428) (p. 117.63.c)			-
15	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			-
16	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
17	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
18	**Total Interest Expense (Ln 12 - Ln 14 + Ln 15 - Ln 16 - Ln 17)**			**-**
19	**Average Cost of Debt for 2011 (Ln 18/Ln 10)**			**0.00%**

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

20 AEP OKTCo may not include costs or gains related to interest hedging activities.

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2010	Remaining Unamortized Balance	Amortization Period Beginning	Amortization Period Ending
21					
22					
23					
24					
25					
26					
27					
28					
29					
30	Total Hedge Amortization to be Removed	-			

Development of Cost of Preferred Stock

	Preferred Stock			Average
31	0% Series - 0 - Dividend Rate (p. 250-251. 9.a)	0.00%	0.00%	
32	0% Series - 0 - Par Value (p. 250-251. 9.c)	$ -	$ -	
33	0% Series - 0 - Shares O/S (p.250-251. 9.e)	-	-	
34	0% Series - 0 - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	0% Series - 0 - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	0% Series - 0 - Dividend Rate (p. 250-251. 10.a)	0.00%	0.00%	
37	0% Series - 0 - Par Value (p. 250-251. 10.c)	$ -	$ -	
38	0% Series - 0 - Shares O/S (p.250-251. 10.e)	-	-	
39	0% Series - 0 - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	0% Series - 0 - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - 0 - Dividend Rate (p. 250-251.)	0.00%	0.00%	
42	0% Series - 0 - Par Value (p. 250-251.)	$ -	$ -	
43	0% Series - 0 - Shares O/S (p.250-251.)	-	-	
44	0% Series - 0 - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - 0 - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	**Balance of Preferred Stock (Lns 34, 39, 44)**	-	-	-
47	**Dividens on Preferred Stock (Lns 35, 40, 45)**	-	-	**-**
48	**Average Cost of Preferred Stock (Ln 47/46)**	0.00%	0.00%	**0.00%**

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2010 FF1 Balances
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
Worksheet O - PBOP Support
AEP OKLAHOMA TRANSMISSION COMPANY, INC

PBOP	(A)		(B)
1	**Calculation of PBOP Expenses**		
2	**AEP TransCo - AEP Service Corp Employees**		
3	Total AEP System PBOP expenses		$110,965,728
4	Base Year relating to retired personnel		$0
5	Amount allocated on Labor		$110,965,728
6	Total AEP System Direct Labor Expense		$1,204,054,866
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)		$0.092
8	Currently Approved PBOP Rate		$0.094
9	Base PBOP TransCo labor expensed in current year		$56,358
10	Allowable TransCo PBOP Expense for current year (Line 8 * Line 9)		$5,298
11	Direct PBOP Expense per Actuarial Report		$0
12	Additional PBOP Ledger Entry (From Company Records)		$0
13	Medicare Credit		$0
14	PBOP Expenses From AEP Affiliates (From Company Records)		$1,582
15	Actual PBOP Expense	(Sum Lines 11-14)	$1,582
16	PBOP Adjustment	Line 10 less Line 15	$3,716

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 119)				$139,250
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	$ -
5	Total Revenue Credits		-			$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				$139,250

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)		-	DA	1.00000	$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)		***(using SWEPCO FCRs per Note 1 of Worksheet B)***			
9	Annual Rate	(ln 1/ (Sum of lns 46, 47, 48, 49, 51)) x 100%				19.13%
10	Monthly Rate	(ln 9 / 12)				1.59%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 94 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				15.62%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 94 - ln 95 - ln 116 - ln 117) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				5.63%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(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	*Line Deliberately Left Blank*					
17	*Line Deliberately Left Blank*					
18	Transmission	(Worksheet A ln 3.C & Hist. Template Ln 183)	0	DA		0
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	1.00000	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000	-
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	1.00000	-
22	*Line Deliberately Left Blank*					
23	*Line Deliberately Left Blank*					
24	General Plant	(Worksheet A ln 7.C)	-	W/S	1.00000	-
25	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	-	W/S	1.00000	-
26	Intangible Plant	(Worksheet A ln 9.C)	2	W/S	1.00000	2
27	TOTAL GROSS PLANT	(sum lns 16 to 26)	2			2
28	ACCUMULATED DEPRECIATION AND AMORTIZATION					
29	*Line Deliberately Left Blank*					
30	*Line Deliberately Left Blank*					
31	Transmission	(Worksheet A ln 14.C & 28.C)	-	**TP1=**	0.00000	-
32	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.00000	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000	-
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
35	Plus: Additional Transmission Depreciation for 2011 (ln 94)		-	TP1	0.00000	-
36	Plus: Additional General & Intangible Depreciation for (ln 96+ln 97)		-	W/S	1.00000	-
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
38	*Line Deliberately Left Blank*					
39	*Line Deliberately Left Blank*					
40	General Plant	(Worksheet A ln 18.C)	-	W/S	1.00000	-
41	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	-	W/S	1.00000	-
42	Intangible Plant	(Worksheet A ln 20.C)	-	W/S	1.00000	-
43	TOTAL ACCUMULATED DEPRECIATION	(sum lns 29 to 42)	-			-
44	NET PLANT IN SERVICE					
45	*Line Deliberately Left Blank*					
46	Transmission	(ln 18 + ln 19 - ln 31 - ln 32)	0			0
47	Plus: Transmission Plant-in-Service Additions (ln 20 - ln 33)		-			-
48	Plus: Additional Trans Plant on Transferred Assets (ln 21 - ln 34)		-			-
49	Plus: Additional Transmission Depreciation for 2011 (-ln 35)		-			-
50	Plus: Additional General & Intangible Depreciation for 2011 (-ln 36)		-			-
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 37)		-			-
52	*Line Deliberately Left Blank*					
53	General Plant	(ln 24 + ln 25 - ln 40 - ln 41)	-			-
54	Intangible Plant	(ln 26 - ln 42)	2			2
55	TOTAL NET PLANT IN SERVICE	(sum lns 45 to 54)	2			2
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)	-	DA		-
59	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & Ln 12.J)	(36,146)	DA		(36,146)
60	Account No. 190.1	(Worksheet C, ln 19.C & Ln 21.J)	-	DA		-
61	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & Ln 30.J)	-	DA		-
62	TOTAL ADJUSTMENTS	(sum lns 57 to 61)	(36,146)			(36,146)
63	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	-	DA		-
63a	REGULATORY ASSETS	(Worksheet A ln NOTE 1 . (C))	-	DA	1.00000	-
64	WORKING CAPITAL	(Note F)				
65	Cash Working Capital	(1/8 * ln 80) (Note G)	491			491
66	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	-	TP	1.00000	-
67	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	-	W/S	1.00000	-
68	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	1.00000	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	-	W/S	1.00000	-
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	-	GP(h)	1.00000	-
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	-	NA	0.00000	-
73	TOTAL WORKING CAPITAL	(sum lns 65 to 72)	491			491
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7 (B))	-	DA	1.00000	-
75	RATE BASE (sum lns 55, 62, 63, 73, 74)		(35,653)			(35,653)

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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	3,930			
77	Less: Total Account 561	(Note I) 321.84-92.b	-			
78	Less: Account 565	(Note J) 321.96.b	-			
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)	3,930	TP	1.00000	3,930
81	Administrative and General	323.197.b (Note K)	108,843			
82	Less: Acct. 924, Property Insurance	323.185.b	-			
83	Acct. 928, Reg. Com. Exp.	323.189.b	-			
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	108,843	W/S	1.00000	108,843
87	Plus: Acct. 924, Property Insurance	(ln 82)	-	GP(h)	1.00000	-
88	Acct. 928 - Transmission Specific	Worksheet J ln 5.(E) (Note L)	-	TP	1.00000	-
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 19.(E) (Note L)	-	TP	1.00000	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 25.(E) (Note L)	-	DA	1.00000	-
90a	PBOP Adjustment	(Worksheet O ln 16.D)	705	DA	1.00000	705
91	A & G Subtotal	(sum lns 86 to 90 less ln 90a)	109,548			109,548
92	TOTAL O & M EXPENSE	(ln 80 + ln 91)	113,478			113,478
93	DEPRECIATION AND AMORTIZATION EXPENSE					
94	Transmission	336.7.f	-	TP	1.00000	-
95	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000	-
95a	Plus: Formation Costs Amortization	(Worksheet A ln 37.E)	29,507	DA	1.00000	29,507
96	General	336.10.f	-	W/S	1.00000	-
97	Intangible	336.1.f	-	W/S	1.00000	-
98	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 94 to 97)	29,507			29,507
99	TAXES OTHER THAN INCOME	(Note N)				
100	Labor Related					
101	Payroll	Worksheet L, Col. D	-	W/S	1.00000	-
102	Plant Related					
103	Property	Worksheet L, Col. C	-	GP(h)	1.00000	-
104	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000	-
105	Other	Worksheet L, Col. E	-	GP(h)	1.00000	-
106	TOTAL OTHER TAXES	(sum lns 101 to 105)	-			-
107	INCOME TAXES	(Note O)				
108	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		35.00%			
109	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		34.61%			
110	where WCLTD=(ln 161) and WACC = (ln 164)					
111	and FIT, SIT & p are as given in Note O.					
112	GRCF=1 / (1 - T) = (from ln 108)		1.5385			
113	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
114	Income Tax Calculation	(ln 109 * ln 117)	(1,056)			(1,056)
115	ITC adjustment	(ln 112 * ln 113)	-	NP(h)	1.00000	-
116	TOTAL INCOME TAXES	(sum lns 114 to 115)	(1,056)			(1,056)
117	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 164)	(3,050)			(3,050)
118	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E)	(Worksheet E, ln 2)	-	DA	1.00000	-
119	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		138,879			138,879
120	(sum lns 92, 98, 106, 116, 117, 118)					
121	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		371	DA		371
122	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		139,250			139,250

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
123	Total transmission plant	(ln 18, 19, 20, 21)						0
124	Less transmission plant excluded from SPP Tariff (Note Q)							-
125	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							-
126	Transmission plant included in SPP Tariff	(ln 123 - ln 124 - ln 125)						0
127	Percent of transmission plant in SPP Tariff	(ln 126 / ln 123)					**TP=**	**1.00000**
128	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
129	*Line Deliberately Left Blank*							
130	Transmission	354.21.b	0	1,300	1,300	TP	1.00000	1,300
131	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
132	*Line Deliberately Left Blank*							
133	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
134	Total	(sum lns 129 to 133)	0	1,300	1,300			1,300
135	Transmission related amount						**W/S=**	**1.00000**

STAND ALONE (Note T)

136	WEIGHTED AVERAGE COST OF CAPITAL (WACC)					$
137		Long Term Interest (Worksheet M, ln. 20, col. (D))				-
138		Preferred Stock Dividends (Worksheet M, ln. 26, col. (D))				-
139	Development of Common Stock:					
140		Proprietary Capital (112.16.c)				(92,396)
141		Less Preferred Stock (ln 147)				-
142		Less Account 216.1 (112.12.c)				-
143		Less Account 219.1 (112.15.c)				-
144		Common Stock (ln 140 - ln 141 - ln 142 - ln 143)				(92,396)
			Capital Structure Percentages		Cost	
145		$	Actual	Cap Limit	(Note T)	Weighted
146	Long Term Debt (Worksheet M, ln. 20, col. (B))	-	0.00%	0.00%	-	0.0000
147	Preferred Stock (Worksheet M, ln. 26, col. (B))	-	0.00%	0.00%	-	0.0000
148	Common Stock (ln 144) (Note U)	-	0.00%	0.00%	0.0%	0.0000
149	Total (sum lns 146 to 148)	-			**WACC=**	**0.0000**
					0.0%	
150	Capital Structure Equity Limit (Note U)	50.0%				

SOUTHWESTERN ELECTRIC POWER COMPANY (Note T) ***NOTE: All WACC related entries below sourced from SWEPCO's FF1 or Template***

151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)					$
152		Long Term Interest (Worksheet M, ln. 20, col. (D))				103,841,553
153		Preferred Stock Dividends (Worksheet M, ln. 26, col. (D))				228,915
154	Development of Common Stock:					
155		Proprietary Capital (112.16.c)				1,671,684,075
156		Less Preferred Stock (ln 162)				4,695,800
157		Less Account 216.1 (112.12.c)				13,938,303
158		Less Account 219.1 (112.15.c)				(12,491,449)
159		Common Stock (ln 155 - ln 156 - ln 157 - ln 158)				1,665,541,421
			Capital Structure Percentages		Cost	
160		$	Actual	Cap Limit	(Note T)	Weighted
161	Long Term Debt (Worksheet M, ln. 20, col. (B))	1,726,335,000	50.83%	0.00%	0.0602	0.0306
162	Preferred Stock (Worksheet M, ln. 26, col. (B))	4,695,800	0.14%	0.00%	0.0487	0.0001
163	Common Stock (ln 159) (Note U)	1,665,541,421	49.04%	0.00%	11.2%	0.0549
164	Total (sum lns 161 to 163)	3,396,572,221			**WACC=**	**0.0856**
165	Capital Structure Equity Limit *(Note U)*	52.5%				

AEP West SPP Member Companies
2011 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 and Projected Net Plant at Year-End 2011

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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 74 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 118.
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	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
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 108) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 0.00% (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	The Capital Structure of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. will be based on the Capital Structure of SWEPCO until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (ln 152) / long term debt (ln 161). Preferred Stock cost rate = preferred dividends (ln 153) / preferred outstanding (ln 162). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 50% of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.'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 can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.			Total	Allocator		Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(ln 284)				$124,457
167	REVENUE CREDITS	(Note A)				
168	Transmission Credits	(Worksheet H)	-	DA	1.00000	$ -
169	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	$ -
170	Total Revenue Credits		-			$ -
171	REVENUE REQUIREMENT For All Company Facilities	(ln 166 less ln 170)				$ 124,457

MEMO: The Carrying Charge Calculations on lines 174 to 179 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 171.

172	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		-	DA	1.00000	$ -
173	NET PLANT CARRYING CHARGE (w/o incentives)	(Note B)				
174	Annual Rate	(ln 166/ ln 211 x 100%)				0.00%
175	Monthly Rate	(ln 174 / 12)				0.00%
176	NET PLANT CARRYING CHARGE ON LINE 174 , W/O DEPRECIATION (w/o incentives)	(Note B)				
177	Annual Rate	((ln 166 - ln 259) / ln 211 x 100%)				0.00%
178	NET PLANT CARRYING CHARGE ON LINE 176, W/O INCOME TAXES, RETURN	(Note B)				
179	Annual Rate	((ln 166 - ln 259 - ln 281 - ln 282) / ln 211 x 100%)				0.00%
180	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 2010 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE D	(4) Allocator		(5) Total Transmission
	GROSS PLANT IN SERVICE					
181	*Line Deliberately Left Blank*					
182	*Line Deliberately Left Blank*					
183	Transmission	(Worksheet A ln 3.C & Ln 291)	0	DA		0
184	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	1.00000	-
185	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA	0.00000	N/A
186	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA	0.00000	N/A
187	*Line Deliberately Left Blank*					
188	*Line Deliberately Left Blank*					
189	General Plant	(Worksheet A ln 7.C)	-	W/S	1.00000	-
190	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	-	W/S	1.00000	-
191	Intangible Plant	(Worksheet A ln 9.C)	2	W/S	1.00000	2
192	TOTAL GROSS PLANT	(sum lns 181 to 191)	2	**GP(h)=**	**1.000000**	2
				GTD=	**1.00000**	
193	ACCUMULATED DEPRECIATION AND AMORTIZATION					
194	*Line Deliberately Left Blank*					
195	*Line Deliberately Left Blank*					
196	Transmission	(Worksheet A ln 14.C & 28.C)	-	**TP1=**	0.00000	-
197	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	0.00000	-
198	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA	1.00000	N/A
199	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA	1.00000	N/A
200	Plus: Additional Transmission Depreciation for 2011 (ln 259)		N/A	TP1	0.00000	N/A
201	Plus: Additional General & Intangible Depreciation for 2011 (ln 261+ln 262)		N/A	W/S	1.00000	N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA	1.00000	N/A
203	*Line Deliberately Left Blank*					
204	*Line Deliberately Left Blank*					
205	General Plant	(Worksheet A ln 18.C)	-	W/S	1.00000	-
206	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	-	W/S	1.00000	-
207	Intangible Plant	(Worksheet A ln 20.C)	-	W/S	1.00000	-
208	TOTAL ACCUMULATED DEPRECIATION	(sum lns 194 to 207)	-			-
209	NET PLANT IN SERVICE					
210	*Line Deliberately Left Blank*					
211	Transmission	(ln 183 + ln 184 - ln 196 - ln 197)	0			0.001
212	Plus: Transmission Plant-in-Service Additions (ln 185 - ln 198)		N/A			N/A
213	Plus: Additional Trans Plant on Transferred Assets (ln 186 - ln 199)		N/A			N/A
214	Plus: Additional Transmission Depreciation for 2011 (-ln 200)		N/A			N/A
215	Plus: Additional General & Intangible Depreciation for 2011 (-ln 201)		N/A			N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-ln 202)		N/A			N/A
217	*Line Deliberately Left Blank*					
218	General Plant	(ln 189 + ln 190 - ln 205 - ln 206)	-			-
219	Intangible Plant	(ln 191 - ln 207)	2			2
220	TOTAL NET PLANT IN SERVICE	(sum lns 210 to 219)	2	**NP(h)=**	**1.000000**	2
221	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
222	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
223	Account No. 282.1 (enter negative)	(Worksheet C, ln 1.C & ln 3.J)	-	DA		-
224	Account No. 283.1 (enter negative)	(Worksheet C, ln 10.C & Ln 12.J)	(36,146)	DA		(36,146)
225	Account No. 190.1	(Worksheet C, ln 19.C & Ln 21.J)	-	DA		-
226	Account No. 255 (enter negative)	(Worksheet C, ln 28.C & Ln 30.J)	-	DA		-
227	TOTAL ADJUSTMENTS	(sum lns 222 to 226)	(36,146)			(36,146)
228	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	-	DA		-
228a	REGULATORY ASSETS	(Worksheet A ln 41.(C))	-	DA		-
229	WORKING CAPITAL	(Note F)				
230	Cash Working Capital	(1/8 * ln 245) (Note G)	491			491
231	Transmission Materials & Supplies	(Worksheet D, ln 2.(D))	-	TP	1.00000	-
232	A&G Materials & Supplies	(Worksheet D, ln 3.(D))	-	W/S	1.00000	-
233	Stores Expense	(Worksheet D, ln 4.(D))	-	GP(h)	1.00000	-
234	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 5.G)	-	W/S	1.00000	-
235	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 5.F)	-	GP(h)	1.00000	-
236	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 5.E)	-	DA	1.00000	-
237	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 5.D)	-	NA	0.00000	-
238	TOTAL WORKING CAPITAL	(sum lns 230 to 237)	491			491
239	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 7.(B))	-	DA	1.00000	-
240	RATE BASE (sum lns 220, 227, 228, 238, 239)		(35,653)			(35,653)

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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					
241	Transmission	321.112.b	3,930			
242	Less: Total Account 561	(Note I) 321.84-92.b	-			
243	Less: Account 565	(Note J) 321.96.b	-			
244	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	$0			
245	Total O&M Allocable to Transmission	(lns 241 - 242 - 243 - 244)	3,930	TP	1.00000	3,930
246	Administrative and General	323.197.b (Note K)	108,843			
247	Less: Acct. 924, Property Insurance	323.185.b	-			
248	Acct. 928, Reg. Com. Exp.	323.189.b	-			
249	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
250	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
251	Balance of A & G	(ln 246 - sum ln 247 to ln 250)	108,843	W/S	1.00000	108,843
252	Plus: Acct. 924, Property Insurance	(ln 247)	-	GP(h)	1.00000	-
253	Acct. 928 - Transmission Specific	Worksheet J ln 5.(E) (Note L)	-	TP	1.00000	-
254	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 19.(E) (Note L)	-	TP	1.00000	-
255	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 25.(E) (Note L)	-	DA	1.00000	-
255a	PBOP Adjustment	(Worksheet O ln 16.D)	705	DA	1.00000	705
256	A & G Subtotal	(sum lns 251 to 255 less ln 255a)	109,548			109,548
257	TOTAL O & M EXPENSE	(ln 245 + ln 256)	113,478			113,478
258	DEPRECIATION AND AMORTIZATION EXPENSE					
259	Transmission	336.7.f	-	TP	1.00000	-
260	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A			N/A
260a	Plus: Formation Costs Amortization	(Worksheet A ln 35.C)	14,754	DA	1.00000	14,754
261	General	336.10.f	-	W/S	1.00000	-
262	Intangible	336.1.f	-	W/S	1.00000	-
263	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 259 to 262)	14,754			14,754
264	TAXES OTHER THAN INCOME	(Note N)				
265	Labor Related					
266	Payroll	Worksheet L, Col. D	-	W/S	1.00000	-
267	Plant Related					
268	Property	Worksheet L, Col. C	-	GP(h)	1.00000	-
269	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000	-
270	Other	Worksheet L, Col. E	-	GP(h)	1.00000	-
271	TOTAL OTHER TAXES	(sum lns 266 to 270)	-			-
272	INCOME TAXES	(Note O)				
273	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		35.00%			
274	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		34.61%			
275	where WCLTD=(ln 326) and WACC = (ln 329)					
276	and FIT, SIT & p are as given in Note O.					
277	GRCF=1 / (1 - T) = (from ln 273)		1.5385			
278	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
279	Income Tax Calculation	(ln 274 * ln 282)	(1,056)			(1,056)
280	ITC adjustment	(ln 277 * ln 278)	-	NP(h)	1.00000	-
281	TOTAL INCOME TAXES	(sum lns 279 to 280)	(1,056)			(1,056)
282	RETURN ON RATE BASE (Rate Base*WACC)	(ln 240 * ln 329)	(3,050)			(3,050)
283	INTEREST ON IPP CONTRIBUTION FOR CONST.	(Note E) (Worksheet E, ln 2)	-	DA	1.00000	-
284	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		124,125			124,125
285	(sum lns 257, 263, 271, 281, 282, 283)					
286	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		332	DA		332
287	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		124,457			124,457

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
288	Total transmission plant	(ln 183)						0
289	Less transmission plant excluded from SPP Tariff (Note Q)							-
290	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							-
291	Transmission plant included in SPP Tariff	(ln 288 - ln 289 - ln 290)						0
292	Percent of transmission plant in SPP Tariff	(ln 291 / ln 288)					**TP=**	**1.00000**
293	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
294	*Line Deliberately Left Blank*							
295	Transmission	354.21.b		1,300	1,300	TP	1.00000	1,300
296	Regional Market Expenses	354.22.b			-	NA	0.00000	-
297	*Line Deliberately Left Blank*							
298	Other (Excludes A&G)	354.24,25,26.b			-	NA	0.00000	-
299	Total	(sum lns 294 to 298)	0	1,300	1,300			1,300
300	Transmission related amount						**W/S=**	**1.00000**

STAND ALONE (Note T)

301	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
302		Long Term Interest (Worksheet M, ln. 20, col. (D))					-
303		Preferred Stock Dividends (Worksheet M, ln. 26, col. (D))					-
304	Development of Common Stock:						
305		Proprietary Capital (112.16.c)					(92,396)
306		Less Preferred Stock (ln 312)					-
307		Less Account 216.1 (112.12.c)					-
308		Less Account 219.1 (112.15.c)					-
309		Common Stock (ln 305 - ln 306 - ln 307 - ln 308)					(92,396)
				Capital Structure Percentages		Cost	
310		$		Actual	Cap Limit	(Note T)	Weighted
311	Long Term Debt (Worksheet M, ln. 20, col. (B))	-		0.00%	0.00%	-	0.0000
312	Preferred Stock (Worksheet M, ln. 26, col. (B))	-		0.00%	0.00%	-	0.0000
313	Common Stock (ln 309) (Note U)	(92,396)		0.00%	0.00%	11.2%	0.0000
314	Total (sum lns 311 to 313)	(92,396)				**WACC=**	**0.0000**
315	Capital Structure Equity Limit (Note U)	50.0%					

SOUTHWESTERN ELECTRIC POWER COMPANY (Note T) ***NOTE: All WACC related entries below sourced from SWEPCO's FF1 or Template***

316	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						$
317		Long Term Interest (SWE FR Worksheet M, ln. 21, col. (D))					103,841,553
318		Preferred Stock Dividends (SWE FR Worksheet M, ln. 25, col. (D))					228,915
319	Development of Common Stock:						
320		Proprietary Capital (112.16.c)					1,671,684,075
321		Less Preferred Stock (ln 327)					4,695,800
322		Less Account 216.1 (112.12.c)					13,938,303
323		Less Account 219.1 (112.15.c)					(12,491,449)
324		Common Stock (ln 320 - ln 321 - ln 322 - ln 323)					1,665,541,421
				Capital Structure Percentages		Cost	
325		$		Actual	Cap Limit	(Note T)	Weighted
326	Long Term Debt (SWEPCO WS-M, ln. 20, col. (B))	1,726,335,000		50.83%	0.00%	0.0602	0.0306
327	Preferred Stock (SWEPCO WS-M, ln. 26, col. (B))	4,695,800		0.14%	0.00%	0.0487	0.0001
328	Common Stock (ln 324) (Note U)	1,665,541,421		49.04%	0.00%	11.2%	0.0549
329	Total (sum lns 326 to 328)	3,396,572,221				**WACC=**	**0.0856**
330	Capital Structure Equity Limit ***(Note U for SWEPCO)***	52.5%					

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2010 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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 180 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 245.
H	Consistent with Paragraph 657 of Order 2003-A, the amount on line 239 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 283.
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	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
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 273) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 0.00% (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	The Capital Structure of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. will be based on the Capital Structure of SWEPCO until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (ln 317) / long term debt (ln 326). Preferred Stock cost rate = preferred dividends (ln 318) / preferred outstanding (ln 327). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 50% of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.'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 can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 106)				$111,699
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	$ -
5	Total Revenue Credits		-			$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$111,699

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)		-	DA	1.00000	$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1/ ln 39 x 100)				0%
10	Monthly Rate	(ln 9 / 12)				0.00%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 82) / ln 39 x 100)				0.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 82 - ln 103 - ln 104) / ln 39 x 100)				0.00%
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 2010 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(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	*Line Deliberately Left Blank*					
17	*Line Deliberately Left Blank*					
18	Transmission	(Worksheet A ln 3.E & Ln 114)	0	DA		0
19	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E)	-	TP	1.00000	-
20	*Line Deliberately Left Blank*					
21	*Line Deliberately Left Blank*					
22	General Plant	(Worksheet A ln 7.E)	-	W/S	1.00000	-
23	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	-	W/S	1.00000	-
24	Intangible Plant	(Worksheet A ln 9.E)	1	W/S	1.00000	1
25	TOTAL GROSS PLANT	(sum lns 16 to 24)	1	**GP(TU)=**	**1.00000**	1
				GTD=	**0.9999000**	
26	ACCUMULATED DEPRECIATION AND AMORTIZATION					
27	*Line Deliberately Left Blank*					
28	*Line Deliberately Left Blank*					
29	Transmission	(Worksheet A ln 14.E & 28.E)	-	**TP1=**	0.00000	-
30	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	0.00000	-
31	*Line Deliberately Left Blank*					
32	*Line Deliberately Left Blank*					
33	General Plant	(Worksheet A ln 18.E)	-	W/S	1.00000	-
34	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	-	W/S	1.00000	-
35	Intangible Plant	(Worksheet A ln 20.E)	-	W/S	1.00000	-
36	TOTAL ACCUMULATED DEPRECIATION	(sum lns 27 to 35)	-			-
37	NET PLANT IN SERVICE					
38	*Line Deliberately Left Blank*					
39	Transmission	(ln 18 + ln 19 - ln 29 - ln 30)	0			0
40	*Line Deliberately Left Blank*					
41	General Plant	(ln 22 + ln 23 - ln 33 - ln 34)	-			-
42	Intangible Plant	(ln 24 - ln 35)	1			1
43	TOTAL NET PLANT IN SERVICE	(sum lns 38 to 42)	1	**NP(TU)=**	**1.00000**	1
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)	-	DA		-
47	Account No. 283.1 (enter negative)	(Worksheet C, ln 16.C & Ln 18.J)	(18,073)	DA		(18,073)
48	Account No. 190.1	(Worksheet C, ln 25.C & Ln 27.J)	-	DA		-
49	Account No. 255 (enter negative)	(Worksheet C, ln 34.C & Ln 36.J)	-	DA		-
50	TOTAL ADJUSTMENTS	(sum lns 45 to 49)	(18,073)			(18,073)
51	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	-	DA		-
51a	REGULATORY ASSETS	(Worksheet A ln 38. (C))	130,859	DA		130,859
52	WORKING CAPITAL	(Note F)				
53	Cash Working Capital	(1/8 * ln 68) (Note G)	491			491
54	Transmission Materials & Supplies	(Worksheet D, ln 2.(F))	-	TP	1.00000	-
55	A&G Materials & Supplies	(Worksheet D, ln 3.(F))	-	W/S	1.00000	-
56	Stores Expense	(Worksheet D, ln 4.(F))	-	GP(TU)	1.00000	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 7.G)	-	W/S	1.00000	-
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 7.F)	-	GP(TU)	1.00000	-
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 7.E)	-	DA	1.00000	-
60	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 7.D)	-	NA	0.00000	-
61	TOTAL WORKING CAPITAL	(sum lns 53 to 60)	491			491
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, ln 8.(B))	-	DA	1.00000	-
63	RATE BASE (sum lns 43, 50, 51, 61, 62)		(17,581)			(17,581)

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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	3,930			
65	Less: Total Account 561	(Note I) 322.84-92.b	-			
66	Less: Account 565	(Note J) 322.96.b	-			
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)	3,930	TP	1.00000	3,930
69	Administrative and General	323.197.b (Note K)	108,843			
70	Less: Acct. 924, Property Insurance	323.185.b	-			
71	Acct. 928, Reg. Com. Exp.	322.189.b	-			
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	-			
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	-			
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	108,843	W/S	1.00000	108,843
75	Plus: Acct. 924, Property Insurance	(ln 70)	-	GP(TU)	1.00000	-
76	Acct. 928 - Transmission Specific	Worksheet J ln 5.(E) (Note L)	-	TP	1.00000	-
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 19.(E) (Note L)	-	GP(TU)	1.00000	-
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 25.(E) (Note L)	-	DA	1.00000	-
78a	PBOP Adjustment	(Worksheet O ln 16.D)	705	DA	1.00000	705
79	A & G Subtotal	(sum lns 74 to 78 less ln 78a)	109,548			109,548
80	TOTAL O & M EXPENSE	(ln 68 + ln 79)	113,478			113,478
81	DEPRECIATION AND AMORTIZATION EXPENSE					
82	Transmission	336.7.f	-	TP	1.00000	-
83	General	336.10.f	-	W/S	1.00000	-
84a	Plus: Formation Costs Amortization	(Worksheet A ln 35.E)	7,377			
84	Intangible	336.1.f	-	W/S	1.00000	-
85	TOTAL DEPRECIATION AND AMORTIZATI0N	(sum lns 82 to 84)	7,377			-
86	TAXES OTHER THAN INCOME	(Note N)				
87	Labor Related					
88	Payroll	Worksheet L, Col. D	-	W/S	1.00000	-
89	Plant Related					
90	Property	Worksheet L, Col. C	-	GP(TU)	1.00000	-
91	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000	-
92	Other	Worksheet L, Col. E	-	GP(TU)	1.00000	-
93	TOTAL OTHER TAXES	(sum lns 88 to 92)	-			-
94	INCOME TAXES	(Note O)				
95	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		35.00%			
96	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		34.54%			
97	where WCLTD=(ln 148) and WACC = (ln 151)					
98	and FIT, SIT & p are as given in Note O.					
99	GRCF=1 / (1 - T) = (from ln 95)		1.5385			
100	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
101	Income Tax Calculation	(ln 96 * ln 104)	(533)			(533)
102	ITC adjustment	(ln 99 * ln 100)	-	NP(TU)	1.00000	-
103	TOTAL INCOME TAXES	(sum lns 101 to 102)	(533)			(533)
104	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 151)	(1,544)			(1,544)
105	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E)	(Worksheet E, ln 2)	-	DA	1.00000	-
106	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		118,778			111,401
107	(sum lns 80, 85, 93, 103, 104, 105)					
108	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		317	DA		298
109	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		119,095			111,699

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
110	Total transmission plant	(ln 18)						0
111	Less transmission plant excluded from SPP Tariff (Note Q)							-
112	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note R)							-
113	Transmission plant included in SPP Tariff	(ln 110 - ln 111 - ln 112)						0
114	Percent of transmission plant in SPP Tariff	(ln 113 / ln 110)					**TP=**	**1.00000**
115	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
116	*Line Deliberately Left Blank*							
117	Transmission	354.21.b	0	1,300	1,300	TP	1.00000	1,300
118	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
119	*Line Deliberately Left Blank*							
120	Other (Excludes A&G)	0	0	0	-	NA	0.00000	-
121	Total	(sum lns 116 to 120)	0	1,300	1,300			1,300
122	Transmission related amount						**W/S=**	**1.00000**
	STAND ALONE (Note T)							
123	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
124	Long Term Interest	Long Term Interest (Worksheet N, ln. 18, col. (E))						-
125	Preferred Dividends	Preferred Stock Dividends (Worksheet N, ln. 47, col. (E))						-
126	Development of Common Stock:							Average
127	Proprietary Capital	(Worksheet N, ln. 1, col. (E))						(47,147)
128	Less Preferred Stock (ln 134)	(Worksheet N, ln. 2, col. (E))						-
129	Less Account 216.1	(Worksheet N, ln. 3, col. (E))						-
130	Less Account 219	(Worksheet N, ln. 4, col. (E))						-
131	Common Stock	(ln 142 - ln 143 - ln 144 - ln 145)						(47,147)
				Capital Structure Percentages			Cost	
132		2011 Avg Balances		Actual	Cap Limit		(Note S)	Weighted
133	Avg Long Term Debt (Worksheet N, ln. 10, col. (E))	-		0.00%	0.00%		0.00%	0.0000
134	Avg Preferred Stock (Worksheet N, ln. 46, col. (E))	-		0.00%	0.00%		0.00%	0.0000
135	Avg Common Stock (ln 131) (Note U)	(47,147)		0.00%	0.00%		11.20%	0.0000
136	Total (sum lns 133 to 135)	(47,147)					**WACC=**	**0.0000**
137	Capital Structure Equity Limit (Note U)	50.0%						
	SOUTHWESTERN ELECTRIC POWER COMPANY (Note T)			***NOTE: All WACC related entries below sourced from SWEPCO's FF1 or Template***				
138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
139	Long Term Interest	Long Term Interest (SWE FR Worksheet M, ln. 21, col. (D))						99,982,601
140	Preferred Dividends	Preferred Stock Dividends (SWE FR Worksheet M, ln. 25, col. (D))						228,825
141	Development of Common Stock:							Average
142	Proprietary Capital	(SWE Worksheet N, ln. 1, col. (E))						1,600,253,634
143	Less Preferred Stock (ln 149)	(SWE Worksheet N, ln. 2, col. (E))						4,696,200
144	Less Account 216.1	(SWE Worksheet N, ln. 3, col. (E))						12,731,094
145	Less Account 219	(SWE Worksheet N, ln. 4, col. (E))						(12,741,302)
146	Common Stock	(ln 142 - ln 143 - ln 144 - ln 145)						1,595,567,642
				Capital Structure Percentages			Cost	
147		2011 Avg Balances		Actual	Cap Limit		(Note S)	Weighted
148	Avg Long Term Debt (SWE WS-N, ln. 10, col. (E))	1,576,335,000		49.62%	0.00%		6.34%	0.0315
149	Avg Preferred Stock (SWE WS-N, ln. 46, col. (E))	4,696,200		0.15%	0.00%		4.87%	0.0001
150	Avg Common Stock (ln 146) (Note U)	1,595,567,642		50.23%	0.00%		11.20%	0.0563
151	Total (sum lns 148 to 150)	3,176,598,842					**WACC=**	**0.0878**
152	Capital Structure Equity Limit *(Note U for SWEPCO)*	52.5%						

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2010 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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 62 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 105.
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	The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
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 95) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 0.00% (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	The Capital Structure of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. will be based on the Capital Structure of SWEPCO until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (ln 139) / long term debt (ln 148). Preferred Stock cost rate = preferred dividends (ln 140) / preferred outstanding (ln 149). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
U	Per Settlement, equity is limited to 50% of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.'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 can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balances @ 12/31/2010	(D) Balances 12/31/2009	(E) Average Balance for 2010
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Blalances					
1	*Line Deliberately Left Blank*				
2	*Line Deliberately Left Blank*				
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	0	0	0
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	*Line Deliberately Left Blank*				
6	*Line Deliberately Left Blank*				
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	-	-	-
8	**General Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	-	-	-
9	**Intangible Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	2	-	1
10	**Total Property Investment Balance**	(Sum of Lines: 3, 7, 9)	2	0	1
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 4, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	*Line Deliberately Left Blank*				
13	*Line Deliberately Left Blank*				
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)	-	-	-
15	**Transmission ARO Accumulated Depreciation**	Company Records	-	-	-
16	*Line Deliberately Left Blank*				
17	*Line Deliberately Left Blank*				
18	**General Accumulated Depreciation**	FF1, page 219, ln 28, Col. (b)	-	-	-
19	**General ARO Accumulated Depreciation**	Company Records	-	-	-
20	**Intangible Accumulated Amortization**	FF1, page 200, ln 21, Col. (b)	-	-	-
21	**Total Accumulated Depreciation or Amortization**	(Sum of Lines: 14, 18, 20)	-	-	-
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 15, 19)	-	-	-
Generation Step-Up Units					
23	**GSU Investment Amount**	Company Records	-	-	-
24	**GSU Accumulated Depreciation**	Company Records	-	-	-
25	**GSU Net Balance**	(Line 23 - Line 24)	-	-	-
Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation					
26	**Transmission Accumulated Depreciation**	(Line 14 Above)	-	-	-
27	**Less: GSU Accumulated Depreciation**	(Line 24 Above)	-	-	-
28	**Subtotal of Transmission Net of GSU**	(Line 26 - Line 27)	-	-	-
Plant Held For Future Use					
29	**Plant Held For Future Use**	FF1, page 214, ln 47, Col. (d)	-	-	-
30	**Transmission Plant Held For Future**	Company Records	-	-	-
Regulatory Assets and Liabilities Approved for Recovery In Ratebase					
	Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.				
31	Regulatory Asset (Note 1)		118,029	158,442	138,235
32	Amortization in Months (Jul'10 through Jun'14)		48	48	48
33	Monthly Amortization	(line 31 / line 32)	2,459	5,501	3,980
34	Months in 2010 to be amortized		6	0	3
35	Amortization Expense in 2010 Year	(line 33 X line 34)	14,754	0	7,377
36	Months in 2011 to be amortized		12	6	9
37	Amortization Expense in 2011 Year	(line 33 X line 36)	29,507	19,805	24,656
38	Balance of Regulatory Asset	(line 31 - line 35)	103,276	158,442	130,859
39	Average Balance of Regulatory Asset	(line 31 + line 38)/2	110,653	158,442	134,547
40	Unamortized Balance of Regulatory Asset at YE 2010 (Note 1)		103,276	158,442	130,859
41	Total Regulatory Deferrals Included in Ratebase		0	0	0

NOTE 1 Formation costs through 6/30/2010 are includable at 50% with 48 month amortization and no return on the unamortized balance. The balance on line 41 may not include unamortized formation costs.

AEP West SPP Member Companies
2011 Cost of Service Formula Rate Projected on 2010 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

I. Calculation of Composite Depreciation Rate

	STAND ALONE (Note 1)	
1	Transmission Plant @ Beginning of Historic Period (2010) (P.206, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2010) (P.207, ln 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, ln 259	-
6	Composite Depreciation Rate	0.00%
7	Average Depreciable Life (Years)	0
	SOUTHWESTERN ELECTRIC POWER COMPANY *(Note 1)*	
8	Transmission Plant @ Beginning of Historic Period (2010) (P.206, ln 58,(b)):	869,565,533
9	Transmission Plant @ End of Historic Period (2010) (P.207, ln 58,(g)):	943,219,585
10		1,812,785,118
11	Average Balance of Transmission Investment	906,392,559
12	Annual Depreciation Expense, SWEPCO Historic TCOS, ln 246	22,182,746
13	Composite Depreciation Rate	2.45%
14	Average Depreciable Life (Years)	41

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

15	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation
16	January		2.45%	$ -	$ -	11
17	February		2.45%	$ -	$ -	10
18	March		2.45%	$ -	$ -	9
19	April		2.45%	$ -	$ -	8
20	May		2.45%	$ -	$ -	7
21	June		2.45%	$ -	$ -	6
22	July		2.45%	$ -	$ -	5
23	August		2.45%	$ -	$ -	4
24	September		2.45%	$ -	$ -	3
25	October		2.45%	$ -	$ -	2
26	November		2.45%	$ -	$ -	1
27	December		2.45%	$ -	$ -	0
28	Investment	$ -				Depreciation Expense

III. Plant Transferred

29	$ -	<== This input area is for original cost plant
30	$ -	<== 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.
31 (Ln 14 * Ln 29)	$ -	<== This input area is for additional Depreciation Expense

Note 1: Until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes Transmission plant in service the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER07-1069. The calculation for AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. is based on Plant Balances and Depreciation Expense for SWEPCO and shown on lines 8 through 14.

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission 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	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
2	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
3	282.1	**Allocated Total**		0	0	0	0	0	**0**
		282 Balance to Use in True-Up							
4	282.1	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
5	282.1	2009 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	
6		**Subtotal**	-	-	-	-	-	-	
7		**Average Balance**	0	0	0	0	0	0	
8		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	99.9900%	100.0000%	
9		**Allocated Total**		0	0	0	0	0	**0**
		Account 283 - Form-1 page 276-277, Ln 9, Col (k)							
		283 Balance to Use in Projection							
10	282.1	2010 Year End Tax Deferrals - Ws C-1	(36,146)	-	(36,146)	-	-	-	
11	282.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
12	282.1	**Allocated Total**		0	(36,146)	0	0	0	**(36,146)**
		283 Balance to Use in True-Up							
13	282.1	2010 Year End Tax Deferrals - Ws C-1	(36,146)	-	(36,146)	-	-	-	
14	282.1	2009 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	
15		**Subtotal**	(36,146)	-	(36,146)	-	-	-	
16		**Average Balance**	(18,073)	0	(18,073)	0	0	0	
17		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	99.9900%	100.0000%	
18		**Allocated Total**		0	(18,073)	0	0	0	**(18,073)**
		Account 190 - Form-1 page 234, Ln 8, Col. (c)							
		190 Balance to Use in Projection							
19	190.1	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
20	190.1	**Transmission Allocator from Historic TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
21	190.1	**Allocated Total**		0	0	0	0	0	**0**
		190 Balance to Use in True-Up							
22	190.1	2010 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	
23	190.1	2009 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	
24		**Subtotal**	-	-	-	-	-	-	
25		**Average Balance**	0	0	0	0	0	0	
26		**Transmission Allocator from True-Up TCOS [GP or W/S]**		0.0000%	100.0000%	100.0000%	99.9900%	100.0000%	
27		**Allocated Total**		0	0	0	0	0	**0**
		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 - 12/31/2010 (FF1 p. 267, Ln 2.h)	-			-			
29	255	**Transmission Allocator from Historic TCOS [GP or W/S]**				100.0000%			
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 - 12/31/2010 (FF1 p. 267, Ln 2.h)	-			-			
32	255	Acc Defrd ITC - Federal - 12/31/2009 (FF1 p. 266, Ln 2.b)	-			-			
33		**Subtotal**	-			-			
34		**Average Balance**	0			0			
35		**Transmission Allocator from True-Up TCOS [GP or W/S]**				100.0000%			
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 TRANSMISSION COMPANY
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2010

						Allocation Method			
Account	**Line #**	**Description**	**Balance**		**Exclusions**	**100% Transmission**	**PTD Plant**	**T&D**	**Labor**
2821001									
2821001									
2821001									
2821001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**		**0**	**0**	**0**	**0**	**0**
2831001	664J	REG ASSET - PRE-FORMATION COSTS	(36,146)	T		(36,146)			
2831001									
2831001									
2831002	DSIT	DEFERRED STATE INCOME TAX	0	PTD			0		
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**(36,146)**		**0**	**(36,146)**	**0**	**0**	**0**
1901001				PTD			0		
1901001				E	0				
1901001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**		**0**	**0**	**0**	**0**	**0**

Worksheet C-2 - ADIT & ITC Details

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

					Allocation Method			
Account	**Line #**	**Description**	**Balance**	**Exclusions**	**100% Transmission**	**PTD Plant**	**T&D**	**Labor**
2821001								
2821001								
2821001								
2821001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**	**0**	**0**	**0**	**0**	**0**
2831001								
2831001								
2831001								
2831002								
2831		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**	**0**	**0**	**0**	**0**	**0**
1901001								
1901001								
1901001		**TOTAL ELECTRIC ACCOUNT SUBTOTAL**	**0**	**0**	**0**	**0**	**0**	**0**

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Materials & Supplies

Line Number	(A)	(B)	(C) Source	(D) Balance @ December 31, 2010	(E) Balance @ December 31, 2009	(F) Average Balance for Rate Year 2010	(G)	(H)	(I)
1									
2		Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	0	0	-			
3		General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b	0	0	-			
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, 2010	0	0	0	0	0	0
6	Totals as of December 31, 2009						
7	**Average Balance**	0	0	0	0	0	0

Prepayments Account 165 - Balance @ 12/31/2010

8	Acc. No.	Description	2010 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
9			0	0		0	0	0	Plant & Labor Allocable Policies
10			0	0		0		0	Prepaid Facility Fee on 1.5B Securitization
11			0	0				0	Prepaid Royalty Payments to Coal Leaseholders
12			0	0				0	AR Factoring - Excluded because it is retail.
13			0	0			0	0	Prefunded Pension Expense
14			0	0				0	Non-Cash Offset Excludable from Rate Base
15			0				0	0	SFAS 158 Offset
16			0					0	
17			0	0				0	
18			0	0				0	
								0	
		Subtotal - Form 1, p 111.57.c	0	0	0	0	0	0	
			check sum to FF1						

Prepayments Account 165 - Balance @ 12/31/2009

19	Acc. No.	Description	2009 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
20			0			0	0	-	Plant & Labor Allocable Policies
21			0			0		-	Prepaid Facility Fee on 1.5B Securitization
22			0	0				-	Prepaid Royalty Payments to Coal Leaseholders
23			0	0				-	AR Factoring - Excluded because it is retail.
24			0	0			0	0	Prefunded Pension Expense
25			0	0				0	Non-Cash Offset Excludable from Rate Base
26			0					0	
27			0					0	
28			0					0	
29			0					0	
								0	
30		**Subtotal - Form 1, p 111.57.d**							
			check sum to FF1						

AEP West SPP Member Companies
2011 Cost of Service Formula Rate
Worksheet E - IPP Credits
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line Number	(A) Description	(B) 2010
1	Net Funds from IPP Customers @ 12/31/2009 (2010 FORM 1, P269, (B))	
2	Interest Accrual (company records)	
3	Revenue Credits to Generators (company records)	
4	Other Adjustments (company records)	
5	Accounting Adjustment	-
6		-
7	Net Funds from IPP Customers 12/31/2010 (2010 FORM 1, P269, (F))	-
8	Average Balance for 2010 ((ln 1 + ln 7) / 2)	-

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 (Projected TCOS, ln 163)			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 *SWEPCO* Projected TCOS, lns *148 through 150*)			
	%	Cost	Weighted cost
Long Term Debt	50.83%	0.0602	0.0306
Preferred Stock	0.14%	0.0487	0.0001
Common Stock	49.04%	0.1120	0.0549
		R =	0.0856

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

Rate Base (Projected TCOS, ln 75)	(35,653)
R (from A. above)	0.0856
Return (Rate Base x R)	(3,050)

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

Return (from B. above)	(3,050)
Tax Rate (Projected TCOS, ln 108)	35.00%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	34.61%
Income Tax Calculation (Return x EIT)	(1,056)
ITC Adjustment (Projected TCOS, ln 115)	-
Income Taxes	(1,056)

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 (Projected TCOS, ln 122)	139,250
Return (Projected TCOS, ln 117)	(3,050)
Income Taxes (Projected TCOS, ln 116)	(1,056)
Gross Margin Taxes (Projected TCOS, ln 121)	371
Net Revenue Requirement, Less Return and Taxes	142,985

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

Net Revenue Requirement, Less Return and Taxes	142,985	
Return (from I.B. above)	(3,050)	
Income Taxes (from I.C. above)	(1,056)	
Net Revenue Requirement, with 0 Basis Point ROE increase	138,879	
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	371	-
Revenue Requirement w/ Gross Margin Taxes	139,250	
Less: Depreciation (Projected TCOS, ln 94)	-	
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	139,250	

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)	138,879
Apportionment Factor to Texas (Worksheet K, ln 12)	38.04%
Apportioned Texas Revenues	52,832
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	36,983
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	370
Gross-up Required for Gross Margin Tax Expense	1
Total Additional Gross Margin Tax Revenue Requirement	371

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

Net Transmission Plant (Projected TCOS, lns 46, 47, 48, 49, 51)	0
Net Revenue Requirement, with 0 Basis Point ROE increase	138,879
FCR with 0 Basis Point increase in ROE	0.00%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	139,250
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, ln 12)	15.62%
	-15.62%
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)	869,565,533	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	943,219,585	<==From Input on Worksheet B
	1,812,785,118	
Transmission Plant Average Balance for 2010	906,392,559	
Annual Depreciation Expense (Projected TCOS, ln 94)	22,182,746	
Composite Depreciation Rate	2.45%	
Depreciable Life for Composite Depreciation Rate	40.86	
Nearest whole year	41	

Note 1: Until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER07-1069. The calculation for AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. is based on Plant Balances and Depreciation Expense for SWEPCO and shown on lines 8 through 14 of Worksheet B.

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS				
		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2011	-	-	$ -

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
2011 Cost of Service Formula Rate Projected on 2010 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 2010 Data
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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 (True-Up TCOS, ln 150)			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 *SWEPCO* True-Up TCOS, lns *147 through 149*)			
	%	Cost	Weighted cost
Long Term Debt	49.62%	0.0634	0.0315
Preferred Stock	0.15%	0.0487	0.0001
Common Stock	50.23%	0.1120	0.0563
		R =	0.0878

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

Rate Base (True-Up TCOS, ln 63)	(17,581)
R (fom A. above)	0.0878
Return (Rate Base x R)	(1,544)

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

Return (from B. above)	(1,544)
Tax Rate (True-Up TCOS, ln 95)	35.00%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	34.54%
Income Tax Calculation (Return x EIT)	(533)
ITC Adjustment (True-Up TCOS, ln 102)	-
Income Taxes	(533)

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 (True-Up TCOS, ln 109)	111,699
Return (True-Up TCOS, ln 104)	(1,544)
Income Taxes (True-Up TCOS, ln 103)	(533)
Gross Margin Taxes (True-Up TCOS, ln 108)	298
Net Revenue Requirement, Less Return and Taxes	113,478

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

Net Revenue Requirement, Less Return and Taxes	113,478
Return (from I.B. above)	(1,544)
Income Taxes (from I.C. above)	(533)
Net Revenue Requirement, with 0 Basis Point ROE increase	111,401
Gross Margin Tax with Basis Point ROE Increase (II C. below)	298
Revenue Requirement w/ Gross Margin Taxes	111,699
Less: Depreciation (True-Up TCOS, ln 82)	-
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	111,699

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)	111,401
Apportionment Factor to Texas (Worksheet K, ln 12)	38.04%
Apportioned Texas Revenues	42,379
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	29,665
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	297
Gross-up Required for Gross Margin Tax Expense	1
Total Additional Gross Margin Tax Revenue Requirement	298

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

Net Transmission Plant (True-Up TCOS, ln 39)	0
Net Revenue Requirement, with 0 Basis Point ROE increase	111,699
FCR with 0 Basis Point increase in ROE	11169852846.57%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	111,699
FCR with 0 Basis Point ROE increase, less Depreciation	11169852846.57%
FCR less Depreciation (True-Up TCOS, ln 12)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciatio	11169852846.57%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, ln 58)	869,565,533	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, ln 58)	943,219,585	<==From Input on Worksheet B
	1,812,785,118	
Transmission Plant Average Balance for 2010	906,392,559	
Annual Depreciation Expense (True-Up TCOS, ln 82)	22,182,746	
Composite Depreciation Rate	2.45%	
Depreciable Life for Composite Depreciation Rate	40.86	
Round to nearest whole year	41	

Note 1: Until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes Transmission plant in service the depreciation expense component of the carrying charge will be calculated as in the Operating Company formula approved in Docket No. ER07-1069. The calculation for AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. is based on Plant Balances and Depreciation Expense for SWEPCO and shown on lines 8 through 14 of Worksheet B.

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

	Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR 2010			
∑ Prior Year Projected (WS-F)	$ -	$ -	$ -
∑ Prior Year True-Up (WS-G)	$ -	$ -	$ -
True-up Adjustment For 2010	-	-	-

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 2010 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Revenue Credits for

		Total Company	Non-Transmission	Transmission
I.	**Account 450, Forfeited Discounts**		-	-
II.	**Account 451,Miscellaneous Service Revenues**		0	0
III.	**Account 454, Rent from Electric Property**			
1	Account 4540001 - Rent from Elect Property-Aff		0	0
2	Account 4540002 - Rent from Elect Property - Non-Aff		0	
3	Account 4540003 - Rent from Elect Property - ABD - Aff		0	
4	Account 4540004 - Rent from Elect Property - ABD - Non-Aff		0	
5	Total Rents from Electirc Property	0		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			0
V.	**Total Other Operating Revenues To Reduce Revenue Requirement**			0
VI.	**Account 456.1, Revenues from Transmission of Electricity of Others**			3,200

(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**	
4	**Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor**	
5	**Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor**	3,200
6	**Revenue Associated with Transmission Plant Excluded From SPP Tariff**	
7	**Other Non-Transmission Revenue**	
8	**Revenue from SPP Ancillary Services Provided**	
9	**Base Plan Revenue (from SPP)**	
10	**Flow Through of ERCOT Ancillary Charges**	
11	**Other**	

Net Transmission Credits	$0
VII. Total Worksheet A Revenue Credits	$0

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 2010 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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 2010 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(A)	(B)	(C)	(D)	(E)	(F)
Line Number	FERC Acct No.	Description	2010 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
		Account 928				
1						
2						
3						
4						
5	**Total**		0	-	-	
		Account 930.1				
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19	**Total**		0	-	-	
		Account 930.2				
20						
21						
22						
23					0	
24				-	-	
25	**Total**		0	-	-	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2010 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2010

State Income Tax Rate - Louisiana		8.00%	
Apportionment Factor		0.0000%	
Effective Louisiana State Income Tax Rate			0.0000%
State Income Tax Rate - Arkansas		6.50%	
Apportionment Factor		0.0000%	
Effective Arkansas State Income Tax Rate			0.0000%
State Income Tax Rate - Oklahoma	Note 1		
Apportionment Factor			
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Ohio			
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2		
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Nebraska			
Apportionment Factor			
Effective Nebraska State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			0.0000%

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 117 of Template)	138,879	138,879	124,125	124,125	118,778	111,401
1	Apportionment Factor to Texas (ln12)	38.04%	38.04%	38.04%	38.04%	38.04%	38.04%
2	Apportioned Texas Revenues	$52,832	$52,832	$47,220	$47,220	$45,185	$42,379
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	36,983	36,983	33,054	33,054	31,630	29,665
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	370	370	331	331	316	297
7	Gross-up Required for Texas Gross Margin Expense ((ln 6 * ln 3 * ln 1)/(1- ln 5) * ln 5)	1	1	1	1	1	1
8	Total Additional Gross Margin Tax Revenue Requirement	371	371	332	332	317	298

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 2010 FF1 Balances
Worksheet L - Taxes Other than Income
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

HISTORIC PERIOD EXPENSE (2010) - 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						-
3	**Real Estate and Personal Property Taxes**					
4			-			
5			-			
6			-			
7			-			
8	**Payroll Taxes**					
9				-		
10				-		
11				-		
12	***Line Deliberately Left Blank***					
13		-				-
14		-				-
15	**Miscellaneous Taxes**					
16						-
17					-	
18					-	
19					-	
20					-	
21					-	
22					-	
23					-	
24					-	
25					-	
26					-	
27					-	
28						-
29						-
30						-
31						-
32	Total Taxes by Allocable Basis	-	-	-	-	-
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))					

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2010 FF1 Balances

Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2010

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(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	*Bonds - Acc 221*				
2				-	0
3				-	0
4	*Reacquired Bonds - Total Account 222*				
5				-	0
6				-	0
7				-	0
8	*Advances from Assoc Companies*				
9				-	0
10				-	0
11				-	0
12	*Other Long Term Debt - Acc 224*			-	0
13				-	0
14				-	0
15				-	0
	Issuance Discount, Premium, & Expenses:				
16	Amort of Debt Discount and Expenses	FF1.p. 117.63.c		-	0
17	Less: Amor of Debt Premiums	FF1.p. 117.65.c		-	
	Reacquired Debt:				
18	Amortization of Loss	FF1.p. 117.64.c		-	
19	Less: Amortization of Gain	FF1.p. 117.66.c		-	
20	**Total Interest on Long Term Debt**	-	0.00%	-	
	Preferred Stock (FF1.p. 250-251)	**Preferred Balance Outstanding**			
21				-	
22				-	
23				-	
24				-	
25				-	
26	**Dividends on Preferred Stock**	-	0.00%	-	

AEP West SPP Member Companies
Cost of Service Formula Rate Using 2010 FF1 Balances
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2009 and 12/31/2010

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2010	Balances @ 12/31/2009	Average
Development of Average Balance of Common Equity				
1	Total Proprietary Capital (p. 112.16.c&d)	(93,182)	(1,112)	(47,147)
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	0	0	-
4	Less Account 219.1 (p. 112.15.c&d)	-	-	-
5	**Average Balance of Common Equity**	(93,182)	(1,112)	**(47,147)**
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)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	-	-	-
10	**Total Average Debt**	-	-	**-**
11	**Annual Interest Expense for 2010**			
12	Coupon Interest on Long Term Debt (256-257.33.i)			-
13	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in Ln 12 and shown in Ln Development of Cost of Preferred Stock below.			-
14	Amort of Debt Discount & Expense (428) (p. 117.63.c)			-
15	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			-
16	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
17	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
18	**Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 - Ln 16 - Ln 17)**			**-**
19	**Average Cost of Debt for 2011 (Ln 18/Ln 10)**			**0.00%**

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

20 AEP SWTCo may not include costs or gains related to interest hedging activities.

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2011	Remaining Unamortized Balance	Amortization Period Beginning	Amortization Period Ending
21				0	0
22				0	0
23				0	0
24				0	0
25				0	0
26				0	0
27				0	0
28				0	0
29				0	0
30	Total Hedge Amortization to be Removed	-			

Development of Cost of Preferred Stock

	Preferred Stock			Average
31	0% Series - 0 - Dividend Rate (p. 250-251. 10.a)	0.00%	0.00%	
32	0% Series - 0 - Par Value (p. 250-251. 10.c)	0	0	
33	0% Series - 0 - Shares O/S (p.250-251. 10.e)	-	-	
34	0% Series - 0 - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	0% Series - 0 - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	0% Series - 0 - Dividend Rate (p. 250-251. 9.a)	0.00%	0.00%	
37	0% Series - 0 - Par Value (p. 250-251. 9.c)	$ -	$ -	
38	0% Series - 0 - Shares O/S (p.250-251. 9.e)	-	-	
39	0% Series - 0 - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	0% Series - 0 - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - 0 - Dividend Rate (p. 250-251. 8.a)	0.00%	0.00%	
42	0% Series - 0 - Par Value (p. 250-251. 8.c)	$ -	$ -	
43	0% Series - 0 - Shares O/S (p.250-251. 8.e)	-	-	
44	0% Series - 0 - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - 0 - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	**Balance of Preferred Stock (Lns 34, 39, 44)**	-	-	-
47	**Dividens on Preferred Stock (Lns 35, 40, 45)**	-	-	**-**
48	**Average Cost of Preferred Stock (Ln 47/46)**	0.00%	0.00%	**0.00%**

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2010 FF1 Balances
Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
Worksheet O - PBOP Support
AEP SOUTHWESTERN TRANSMISSION COMPANY

PBOP	(A)		(B)
1	**Calculation of PBOP Expenses**		
2	**AEP TransCo - AEP Service Corp Employees**		
3	Total AEP System PBOP expenses		$110,965,728
4	Base Year relating to retired personnel		$0
5	Amount allocated on Labor		$110,965,728
6	Total AEP System Direct Labor Expense		$1,204,054,866
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)		$0.092
8	Currently Approved PBOP Rate		$0.094
9	Base PBOP TransCo labor expensed in current year		$15,792
10	Allowable TransCo PBOP Expense for current year (Line 8 * Line 9)		$1,484
11	Direct PBOP Expense per Actuarial Report		$0
12	Additional PBOP Ledger Entry (From Company Records)		$0
13	Medicare Credit		$0
14	PBOP Expenses From AEP Affiliates (From Company Records)		$780
15	Actual PBOP Expense	(Sum Lines 11-14)	$780
16	PBOP Adjustment	Line 10 less Line 15	$705