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

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

SOUTHWESTERN TRANSMISSION COMPANY

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(Q) = (G) + (P)
				Projected ARR For 2011 From WS-F			**True-Up ARR CY2010 From Worksheet G (includes adjustment for SPP Collections)**									
							Base ARR				**Incentive ARR**					
Sheet Name	**Owner**	**Project Description**	**Year in Service**	**Base ARR** (WS-F)	**Incentive**	**Total**	**TRUE-UP Adjustment** (WS-G)	**Adjusted ARR from Prior Update**	**As Billed by SPP** (for Prior Yr T-Service)	**COLLECTION Adjustment**	**True-up**	**As Billed**	**Change**	**Interest**	**Total Adjustments** (True-Up, Billing, & Interest)	**Total ADJUSTED Revenue Requirement Effective 7/1/2011**
SWT.001	SWT	insert project name here	2011	-	-	-	-	-	-	-	-	-	-	-	-	-
		SWT Total		-	-	-	-	-	-	-	-	-	-	-	-	$ -

*<$100K investment

AEP West SPP Member Companies
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
SOUTHWESTERN TRANSMISSION COMPANY

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 Projected TCOS, lns 158 through160)

	%	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 (fom 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)

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.

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	13887902000.92%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	139,250
FCR with 0 Basis Point ROE increase, less Depreciation	13924984588.45%
FCR less Depreciation (Projected TCOS, ln 12)	15.62%
	13924984572.83%
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	
Round to nearest whole year	41	

Note 1: Until SOUTHWESTERN TRANSMISSION COMPANY 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 SOUTHWESTERN TRANSMISSION COMPANY is based on Plant Balances and Depreciation Expense for PSO and shown on lines 8 through 14 of Worksheet B.

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
SOUTHWESTERN TRANSMISSION COMPANY

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

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

ROE w/o incentives (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 True-Up TCOS, lns 158 through 160)

	%	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 0 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 Depreciation	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	

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS 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.

Worksheet F -- SOUTHWESTERN TRANSMISSION COMPANY -- Calculation of "Projected" ARR for SPP Base Plan Upgrade Projects

SWT Project 1 of 1
(Worksheet F)

IV. Determine the Revenue Requirement & Additional Revenue Requirement for I For Calendar Year -1 and Projected Year

A. Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000)

Project Description: insert project name here

Current Pojected Year ARR	-
Current Pojected Year ARR w/ Incentive	-
Current Projected Year Incentive ARR	-

DETAILS			
Investment		Current Year	2011
Service Year (yyyy)	2011	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	6	FCR w/o incentives, less depreciation	15.62%
Useful life	41	FCR w/incentives approved for these facilities, less dep.	15.62%
CIAC (Yes or No)		Annual Depreciation Expense	-

	Investment Year	Historic / Projected Beginning Balance	Depreciation Expense	Ending Balance	Revenue Requirement	Revenue Req't. with Incentives	Additional Rev. Requirement ##
IU	2011	-	-	-	-	-	$ -
	2012	-	-	-	-	-	$ -
	2013	-	-	-	-	-	$ -
	2014	-	-	-	-	-	$ -
	2015	-	-	-	-	-	$ -
	2016	-	-	-	-	-	$ -
	2017	-	-	-	-	-	$ -
	2018	-	-	-	-	-	$ -
	2019	-	-	-	-	-	$ -
	2020	-	-	-	-	-	$ -
	2021	-	-	-	-	-	$ -
	2022	-	-	-	-	-	$ -
	2023	-	-	-	-	-	$ -
	2024	-	-	-	-	-	$ -
	2025	-	-	-	-	-	$ -
	2026	-	-	-	-	-	$ -
	2027	-	-	-	-	-	$ -
	2028	-	-	-	-	-	$ -
	2029	-	-	-	-	-	$ -
	2030	-	-	-	-	-	$ -
	2031	-	-	-	-	-	$ -
	2032	-	-	-	-	-	$ -
	2033	-	-	-	-	-	$ -
	2034	-	-	-	-	-	$ -
	2035	-	-	-	-	-	$ -
	2036	-	-	-	-	-	$ -
	2037	-	-	-	-	-	$ -
	2038	-	-	-	-	-	$ -
	2039	-	-	-	-	-	$ -
	2040	-	-	-	-	-	$ -
	2041	-	-	-	-	-	$ -
	2042	-	-	-	-	-	$ -
	2043	-	-	-	-	-	$ -
	2044	-	-	-	-	-	$ -
	2045	-	-	-	-	-	$ -
	2046	-	-	-	-	-	$ -
	2047	-	-	-	-	-	$ -
	2048	-	-	-	-	-	$ -
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	2064	-	-	-	-	-	$ -
	2065	-	-	-	-	-	$ -
	2066	-	-	-	-	-	$ -
Project Totals			-		-	-	-

CUMMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:
INPUT PROJECTED ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR TEMPLATE BELOW TO MAINTAIN HISTORY OF PROJECTED ARRS OVER THE LIFE OF THE PROJECT.

PROJECTED Rev. Req't From Prior Year Template w/o Incentives	Project Rev Req't True-up w/o Incentives	PROJECTED Rev. Req't From Prior Year Template with Incentives **	Project Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
	$ -		$ -	$ -
	$ -		$ -	$ -
	$ -		$ -	$ -

Worksheet G -- SOUTHWESTERN TRANSMISSION COMPANY -- Calculation of "Trued-Up" ARR for SPP Base Plan Upgrade Projects

SWT Project 1 of 1
(Worksheet G)

IV. Determine the Revenue Requirement, and Additional Revenue Requirement for facilities receiving incentives.

A. Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER05-925-000)

Project Description: insert project name here

	2010	Rev Require	w/Incentives	Incentive Amounts
Prior Year Projected (WS-F)		-	-	-
Prior Year True-Up (WS-G)		-	-	-
True-Up Adjustment		-	-	-

Details	0		
Investment	-	True-Up Year	2010
Service Year (yyyy)		ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)		FCR w/o incentives, less depreciation	0.00%
Useful life	-	FCR w/incentives approved for these facilities, less dep.	0.00%
CIAC (Yes or No)	0	Annual Depreciation Expense	-

CUMMULATIVE HISTORY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS:
INPUT TRUE-UP ARR (WITH & WITHOUT INCENTIVES) FROM EACH PRIOR YEAR
TEMPLATE BELOW TO MAINTAIN HISTORY OF TRUED-UP ARRS OVER THE
LIFE OF THE PROJECT.

	Investment Year	Historic / Projected Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	Revenue Requirement	Revenue Req't. with Incentives	Incentive Rev. Requirement ##	TRUE-UP Rev. Req't.From Prior Year Template w/o Incentives	BPU Rev Req't True-up w/o Incentives	TRUE-UP Rev. Req't.From Prior Year Template with Incentives **	BPU Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
IU	-	-	-	-	-	-	-	$ -		$ -		$ -	$ -
	-	-	-	-	-	-	-	$ -		$ -		$ -	$ -
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Project Totals			-			-	-	-					

** This is the total amount that needs to be reported to SPP for billing to all regions.

This is the calculation of additional incentive revenue on projects deemed by the FERC to be eligible for an incentive return. This additional incentive requirement is applicable for the life of this specific project. Each year the revenue requirement calculated for SPP should be incremented by the amount of the incentive revenue calculated for that year on this project.