AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 138)				$36,400
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	$ -
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$ 36,400

MEMO: The Carrying Charge Calculations on lines 6 to 11 below are used in calculating project revenue requirements billed through SPP Schedule 11, Base Plan Charge.
The total non-incentive revenue requirements for these projects shown on line 4 is included in the total on line 3.

4	Revenue Requirement for SPP Schedule 11 Facilities (w/o incentives) (Worksheet J)		-	DA	1.00000	$ -
						$ -
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
6	Annual Rate	((ln 1 - ln 105)/ ln 57 x 100)				0.00%
7	Monthly Rate	(ln 6 / 12)				0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)					
9	Annual Rate	((ln 1 - ln 105 - ln 110- ln 111) / ln 57 x 100)				0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return, income taxes or ROE incentives (Note B)					
11	Annual Rate	((ln 1 - ln 105 - ln 110- ln 111 - ln 133 - ln 134) / ln 57 x 100)				0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note B) (Worksheet J)					-
13	**REVENUE REQUIREMENT FOR SCHEDULE 1 CHARGES**					
14	Total Load Dispatch & Scheduling (Account 561)	Line 88 Below				-
15	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)					-
16	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.b)					-
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				-

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE C	(4) Allocator		(5) Total Transmission
	GROSS PLANT IN SERVICE					
18	Production	(Worksheet A ln 1.C)	-	NA	0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	-	NA	0.00000	-
20	Transmission	(Worksheet A ln 3.C & Ln 144)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I, ln 21.D)		-	DA	1.00000	-
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I, ln 22.D)		-	DA	1.00000	-
24	Distribution	(Worksheet A ln 5.C)	-	NA	0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
26	General Plant	(Worksheet A ln 7.C)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	-	W/S	1.00000	-
28	Intangible Plant	(Worksheet A ln 9.C)	-	W/S	1.00000	-
29	TOTAL GROSS PLANT	(sum lns 18 to 28)	-			-
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Production	(Worksheet A ln 12.C)	-	NA	0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	-	NA	0.00000	-
33	Transmission	(Worksheet A ln 14.C & 28.C)	-	**TP1=**	1.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I, ln 21.I)		-	DA	1.00000	-
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I ln. 24.D)		-	DA	1.00000	-
37	Plus: Additional Transmission Depreciation for 2010 (ln 110)		-	TP1	1.00000	-
38	Plus: Additional General & Intangible Depreciation for 2010 (ln 113 + ln 114)		-	W/S	1.00000	-
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I ln 23.D)		-	DA	1.00000	-
40	Distribution	(Worksheet A ln 16.C)	-	NA	0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
42	General Plant	(Worksheet A ln 18.C)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A ln 20.C)	-	W/S	1.00000	-
45	TOTAL ACCUMULATED DEPRECIATION	(sum lns 31 to 44)	-			-
46	NET PLANT IN SERVICE					
47	Production	(ln 18 + ln 19 - ln 31 - ln 32)	-			-
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	-			-
49	Plus: Transmission Plant-in-Service Additions (ln 22 - ln 35)		-			-
50	Plus: Additional Trans Plant on Transferred Assets (ln 23 - ln 36)		-			-
51	Plus: Additional Transmission Depreciation for 2010 (-ln 37)		-			-
52	Plus: Additional General & Intangible Depreciation for 2010 (-ln 38)		-			-
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 39)		-			-
54	Distribution	(ln 24 + ln 25 - ln 40 - ln 41)	-			-
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	-			-
56	Intangible Plant	(ln 28 - ln 44)	-			-
57	TOTAL NET PLANT IN SERVICE	(sum lns 47 to 56)	-			-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.C)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.C)	-	DA		-
61	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.C)	-	DA		-
62	Account No. 190.1	(Worksheet B, ln 17 & ln 20.C)	-	DA		-
63	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.C)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	-			-
65	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	-	DA		-
66	These Lines are reserved for future use, should additional rate base items, e.g. CWIP,		-	TP	1.00000	-
67	Regulatory Assets, be approved in a FERC proceeding					
68						
69	REGULATORY ASSETS	(Worksheet A ln 39. (C))	79,221	DA		79,221
70	WORKING CAPITAL	(Note E)				
71	Cash Working Capital	(1/8 * ln 91)	-			-
72	Transmission Materials & Supplies	(Worksheet C, ln 2.(D))	-	TP	1.00000	-
73	A&G Materials & Supplies	(Worksheet C, ln 3.(D))	-	W/S	1.00000	-
74	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.00000	-
75	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 6.G)	-	W/S	1.00000	-
76	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 6.F)	-	GP(h)	0.00000	-
77	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 6.E)	-	DA	1.00000	-
78	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 6.D)	-	NA	0.00000	-
79	TOTAL WORKING CAPITAL	(sum lns 71 to 78)	-			-
80	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 7.B)	-	DA	1.00000	-
81	RATE BASE (sum lns 57, 64, 65, 69, 79, 80)		79,221			79,221

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
82	Production	321.80.b	-			
83	Distribution	322.156.b	-			
84	Customer Related Expense	322.164,171,178.b	-			
85	Regional Marketing Expenses	322.131.b	-			
86	Transmission	321.112.b	-			
87	TOTAL O&M EXPENSES	(sum lns 82 to 86)	-			
88	Less: Total Account 561	(Note G) 321.84-92.b	-			
89	Less: Account 565	(Note H) 321.96.b	-			
90	Less: State Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
91	Total O&M Allocable to Transmission	(lns 86 - 88 - 89 - 90)	-	TP	1.00000	-
92	Administrative and General	323.197.b (Note J)	-			
93	Less: Acct. 924, Property Insurance	323.185.b	-			
94	Acct. 928, Reg. Com. Exp.	323.189.b	-			
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
97	Balance of A & G	(ln 92 - sum ln 93 to ln 96)	-	W/S	1.00000	-
98	Plus: Acct. 924, Property Insurance	(ln 93)	-	GP(h)	0.00000	-
99	Acct. 928 - Transmission Specific	Worksheet F ln 11.(E) (Note L)	-	TP	1.00000	-
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 27.(E) (Note L)	-	TP	1.00000	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 33.(E) (Note L)	-	DA	1.00000	-
102	Settlement Approved PBOP Recovery	Worksheet O Ln 9 (B), (Note K & M)	(202)	W/S	1.00000	(202)
103	A & G Subtotal	(sum lns 97 to 102)	(202)			(202)
104	O & M EXPENSE SUBTOTAL	(ln 91 + ln 103)	(202)			(202)
105	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
106	TOTAL O & M EXPENSE	(ln 104 + ln 105)	(202)			(202)
107	DEPRECIATION AND AMORTIZATION EXPENSE					
108	Production	336.2-6.f	-	NA	0.00000	-
109	Distribution	336.8.f	-	NA	0.00000	-
110	Transmission	336.7.f	-	TP1	1.00000	-
111	Plus: Transmission Plant-in-Service Additions (Worksheet I ln 21.I)		-	DA	1.00000	-
112	Plus: Formation Costs Amortization	(Worksheet A ln 36.C)	26,407	TP1	1.00000	26,407
113	General	336.10.f	-	W/S	1.00000	-
114	Intangible	336.1.f	-	W/S	1.00000	-
115	TOTAL DEPRECIATION AND AMORTIZATI0N	(Lns 108+109+110 +111+112+113+114)	26,407			26,407
116	TAXES OTHER THAN INCOME	(Note N)				
117	Labor Related					
118	Payroll	Worksheet H ln 24.(D)	-	W/S	1.00000	-
119	Plant Related					
120	Property	Worksheet H ln 24.(C) & ln 59.(C)	-	DA		-
121	Gross Receipts/Sales & Use	Worksheet H ln 24.(F)	-	NA	0.00000	-
122	Other	Worksheet H ln 24.(E)	-	GP(h)	0.00000	-
123	TOTAL OTHER TAXES	(sum lns 118 to 122)	-			-
124	INCOME TAXES	(Note O)				
125	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		39.71%			
126	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		43.79%			
127	where WCLTD=(ln 162) and WACC = (ln 165)					
128	and FIT, SIT & p are as given in Note O.					
129	GRCF=1 / (1 - T) = (from ln 125)		1.6587			
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
131	Income Tax Calculation	(ln 126 * ln 134)	3,105			3,105
132	ITC adjustment	(ln 129 * ln 130)	-	NP(h)	0.00000	-
133	TOTAL INCOME TAXES	(sum lns 131 to 132)	3,105			3,105
134	RETURN ON RATE BASE (Rate Base * WACC)	(ln 81 * ln 165)	7,090			7,090
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-	DA	1.00000	-
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
137	Tax Impact on (Gains) / Losses on Sales of Plant Held for Future Use (ln 136 * ln126)		-			-
138	TOTAL REVENUE REQUIREMENT (sum lns 106, 115, 123, 133, 134, 135, 136, 137)		36,400			36,400

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

AEP SOUTHWESTERN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.								
	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
139	Total transmission plant	(ln 20)						-
140	Less transmission plant excluded from SPP Tariff (Note P)							-
141	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)							-
142	Transmission plant included in SPP Tariff	(ln 139 - ln 140 - ln 141)						-
143	Percent of transmission plant in SPP Tariff	(ln 142 / ln 139)					**TP**	**0.00000**
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
145	Production	354.20.b	0	0	-	NA	0.00000	-
146	Transmission	354.21.b	0	0	-	TP	1.00000	-
147	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
148	Distribution	354.23.b	0	0	-	NA	0.00000	-
149	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
150	Total	(sum lns 145 to 149)	0	0	0			-
151	Transmission related amount						**W/S=**	**1.00000**
152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
153	Long Term Interest	(Worksheet L, ln. 32, col. (D))						-
154	Preferred Dividends	(Worksheet L, ln. 37, col. (D))						-
155	Development of Common Stock:							
156	Proprietary Capital	(FF1 p 112, Ln 16.c)						-
157	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
158	Less: Account 216.1	(FF1 p 112, Ln 12.c)						-
159	Less: Account 219	(FF1 p 112, Ln 15.c)						-
160	Common Stock	(ln 156 - ln 157 - ln 158 - ln 159)						-
161		$		**Capital Structure Weighting** Actual			Cost (Note S)	Weighted
162	Long Term Debt Worksheet L, ln 32, col. (B))	-		50.00%			6.00%	0.0300
163	Preferred Stock (ln 157)	-		0.00%			-	0.0000
164	Common Stock (ln 160)	-		50.00%			11.90%	0.0595
165	Total (Sum lns 162 to 164)	-					**WACC=**	**0.0895**

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2009 and Projected Net Plant at Year-End 2010

AEP SOUTHWESTERN TRANSMISSION COMPANY

Letter	Notes
	General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X
A	Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 3) Rental revenues earned on assets included in the rate base. 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service. 5) Other electric revenues. 6) Revenues for grandfathered PTP contracts included in the load divisor. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for SPP Base Plan Upgrade projects or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study are projected as of December 31, 2010. Other ratebase amounts are as of December 31, 2009.
D	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. 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. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on ine 91. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 88. 2) AEP transmission equalization transfers, as shown on line 89 3) The impact of state regulatory deferrals and amortizations, as shown on line 90 4) All A&G Expenses, as shown on line 103.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 80 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 135.
G	Removes the expense booked to transmission account 561 included in the development of OATT ancillary services rates.
H	Removes cost of transmission service provided by others to determine the basis of cash working captial on line 90. To the extent such service is incurred to provide the SPP service at issue, e.g. transmission equalization agreement, such costs are added back on line 105 to determine the total O&M collected in the formula. The amounts on line 105 are also excluded in the calculation of the FCR percentage calculated on lines through 9.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.
J	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
K	These deductions from Worksheet O on lines 10 through 13 are to remove from the cost of service the expenses recorded by the company for Post-emplyoment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
L	Expenses 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 F 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	See note K above. Recoverable PBOP expense of $0.134 per dollar of labor expense is based on the AEP System 2009 total PBOP cost divided by the total direct labor cost. The calculation of the recoverable amount is shown on WS-O.
N	Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use 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. See Worksheet G for the development of the Company's composite SIT. 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 130) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 7.25% (State Income Tax Rate or Composite SIT. Worksheet G)) p = 0.00% (percent of federal income tax deductible for state purposes)
P	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.
Q	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 P.
R	Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
S	Long Term Debt cost rate = long-term interest (ln 153) / long term debt (ln 162). Preferred Stock cost rate = preferred dividends (ln 154) / preferred outstanding (ln 163). Common Stock cost rate (ROE) = 11.9%. It includes an additional 50 basis points for RTO membership.

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

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.			Total	Allocator		Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(ln 303)				$26,205
167	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	$ -
168	REVENUE REQUIREMENT For All Company Facilities	(ln 166 less ln 167)				$ 26,205

MEMO: The Carrying Charge Calculations on lines 171 to 176 below are used in calculating project revenue requirements billed through SPP Schedule 11, Base Plan Charge. The total non-incentive revenue requirements for these projects shown on line 169 is included in the total on line 168.

169	Not applicable on this template		
170	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)		
171	Annual Rate	((ln 166 - ln 270)/ ln 213 x 100)	0.00%
172	Monthly Rate	(ln 171 / 12)	0.00%
173	NET PLANT CARRYING CHARGE ON LINE 171 , w/o depreciation or ROE incentives (Note B)		
174	Annual Rate	((ln 166 - ln 270 - ln 275) / ln 213 x 100)	0.00%
175	NET PLANT CARRYING CHARGE ON LINE 174, w/o Re	((ln 166 - ln 270 - ln 280) / ln 222 x 100)	0
176	Annual Rate	((ln 166 - ln 270 - ln 275 - ln 298 - ln 299) / ln 213 x 100)	0.00%
177	Not applicable on this template	((ln 166 - ln 270 - ln 280 - ln 298 - ln 299) / ln 222 x 100)	-
178	**REVENUE REQUIREMENT FOR SCHEDULE 1 CHARGES**		
179	Total Load Dispatch & Scheduling (Account 561)	Line 253 Below	-
180	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)		
181	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.b)		
182	Total 561 Internally Developed Costs	(Line 179 - Line 180 - Line 181)	-

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

AEP SOUTHWESTERN TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE C	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
183	Production	(Worksheet A ln 1.C)	-	NA	0.00000	-
184	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.C)	-	NA	0.00000	-
185	Transmission	(Worksheet A ln 3.C & Ln 305)	-	DA		-
186	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.C)	-	TP	1.00000	-
187	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	NA	0.00000	**N/A**
188	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		**N/A**	NA	0.00000	**N/A**
189	Distribution	(Worksheet A ln 5.C)	-	NA	0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.C)	-	NA	0.00000	-
191	General Plant	(Worksheet A ln 7.C)	-	W/S	1.00000	-
192	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.C)	-	W/S	1.00000	-
193	Intangible Plant	(Worksheet A ln 9.C)	-	W/S	1.00000	-
194	TOTAL GROSS PLANT	(sum lns 183 to 193)	-	**GP(h)=**	**0.000000**	-
				GTD=	**-**	
195	ACCUMULATED DEPRECIATION AND AMORTIZATION					
196	Production	(Worksheet A ln 12.C)	-	NA	0.00000	-
197	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.C)	-	NA	0.00000	-
198	Transmission	(Worksheet A ln 14.C & 28.C)	-	**TP1=**	1.00000	-
199	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.C)	-	**TP1=**	1.00000	-
200	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	DA	1.00000	**N/A**
201	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
202	Plus: Additional Transmission Depreciation for 2010 (ln 275)		**N/A**	TP1	1.00000	**N/A**
203	Plus: Additional General & Intangible Depreciation for 2010 (ln 274 + ln 275)		**N/A**	W/S	1.00000	**N/A**
204	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
205	Distribution	(Worksheet A ln 16.C)	-	NA	0.00000	-
206	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.C)	-	NA	0.00000	-
207	General Plant	(Worksheet A ln 18.C)	-	W/S	1.00000	-
208	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.C)	-	W/S	1.00000	-
209	Intangible Plant	(Worksheet A ln 20.C)	-	W/S	1.00000	-
210	TOTAL ACCUMULATED DEPRECIATION	(sum lns 196 to 209)	-			-
211	NET PLANT IN SERVICE					
212	Production	(ln 183 + ln 184 - ln 196 - ln 197)	-			-
213	Transmission	(ln 185 + ln 186 - ln 198 - ln 199)	-			-
214	Plus: Transmission Plant-in-Service Additions (ln 187 - ln 200)		**N/A**			**N/A**
215	Plus: Additional Trans Plant on Transferred Assets (ln 188 - ln 201)		**N/A**			**N/A**
216	Plus: Additional Transmission Depreciation for 2010 (-ln 202)		**N/A**			**N/A**
217	Plus: Additional General & Intangible Depreciation for 2010 (-ln 203)		**N/A**			**N/A**
218	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 204)		**N/A**			**N/A**
219	Distribution	(ln 189 + ln 190 - ln 205 - ln 206)	-			-
220	General Plant	(ln 191 + ln 192 - ln 207 - ln 208)	-			-
221	Intangible Plant	(ln 193 - ln 209)	-			-
222	TOTAL NET PLANT IN SERVICE	(sum lns 212 to 221)	-	**NP(h)=**	**0.000000**	-
223	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
224	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.C)	-	NA		-
225	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.C)	-	DA		-
226	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.C)	-	DA		-
227	Account No. 190.1	(Worksheet B, ln 17 & ln 20.C)	-	DA		-
228	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.C)	-	DA		-
229	TOTAL ADJUSTMENTS	(sum lns 224 to 228)	-			-
230	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.C & ln 30.C)	-	DA		-
231	These Lines are reserved for future use, should additional rate base items, e.g. CWIP, Regulatory Assets, be approved in a FERC proceeding	(Worksheet A ln 31.C)	-	TP	1.00000	-
232						
233						
234	REGULATORY ASSETS	(Worksheet A ln 32. (C))	105,628	DA		105,628
235	WORKING CAPITAL	(Note E)				
236	Cash Working Capital	(1/8 * ln 256)	-			-
237	Transmission Materials & Supplies	(Worksheet C, ln 2.(D))	-	TP	1.00000	-
238	A&G Materials & Supplies	(Worksheet C, ln 3.(D))	-	W/S	1.00000	-
239	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.00000	-
240	Prepayments (Account 165) - Labor Allocated	(Worksheet D, ln 6.G)	-	W/S	1.00000	-
241	Prepayments (Account 165) - Gross Plant	(Worksheet D, ln 6.F)	-	GP(h)	0.00000	-
242	Prepayments (Account 165) - Transmission Only	(Worksheet D, ln 6.E)	-	DA	1.00000	-
243	Prepayments (Account 165) - Unallocable	(Worksheet D, ln 6.D)	-	NA	0.00000	-
244	TOTAL WORKING CAPITAL	(sum lns 236 to 243)	-			-
245	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 7.B)	-	DA	1.00000	-
246	RATE BASE (sum lns 222, 229, 230, 234, 244, 245)		105,628			105,628

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

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
247	Production	321.80.b	-			
248	Distribution	322.156.b	-			
249	Customer Related Expense	322.164,171,178.b	-			
250	Regional Marketing Expenses	322.131.b	-			
251	Transmission	321.112.b	-			
252	TOTAL O&M EXPENSES	(sum lns 247 to 251)	-			
253	Less: Total Account 561	(Note G) 321.84-92.b	-			
254	Less: Account 565	(Note H) 321.96.b	-			
255	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
256	Total O&M Allocable to Transmission	(lns 251 - 253 - 254 - 255)	-	TP	1.00000	-
257	Administrative and General	323.197.b (Note J)	-			
258	Less: Acct. 924, Property Insurance	323.185.b	-			
259	Acct. 928, Reg. Com. Exp.	323.189.b	-			
260	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
261	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
262	Balance of A & G	(ln 257 - sum ln 258 to ln 261)	-	W/S	1.00000	-
263	Plus: Acct. 924, Property Insurance	(ln 258)	-	GP(h)	0.00000	-
264	Acct. 928 - Transmission Specific	Worksheet F ln 11.(E) (Note L)	-	TP	1.00000	-
265	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 27.(E) (Note L)	-	TP	1.00000	-
266	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 33.(E) (Note L)	-	DA	1.00000	-
267	Settlement Approved PBOP Recovery	Worksheet O Ln 9 (B), (Note K & M)	(202)	W/S	1.00000	(202)
268	A & G Subtotal	(sum lns 262 to 267)	(202)			(202)
269	O & M EXPENSE SUBTOTAL	(ln 256 + ln 268)	(202)			(202)
270	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)			DA	1.00000	-
271	TOTAL O & M EXPENSE	(ln 269 + ln 270)	(202)			(202)
272	DEPRECIATION AND AMORTIZATION EXPENSE					
273	Production	336.2-6.f	-	NA	0.00000	-
274	Distribution	336.8.f	-	NA	0.00000	-
275	Transmission	336.7.f	-	TP1	1.00000	-
276	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A			N/A
277	Plus: Formation Costs Amortization	(Worksheet A ln 36.C)	26,407	TP1	1.00000	26,407
278	General	336.10.f	-	W/S	1.00000	-
279	Intangible	336.1.f	-	W/S	1.00000	-
280	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 273+274+ 275+276+277+278+279)	26,407			26,407
281	TAXES OTHER THAN INCOME	(Note N)				
282	Labor Related					
283	Payroll	Worksheet H ln 24.(D)	-	W/S	1.00000	-
284	Plant Related					
285	Property	Worksheet H ln 24.(C) & ln 59.(C)	-	DA		0
286	Gross Receipts/Sales & Use	Worksheet H ln 24.(F)	-	NA	0.00000	-
287	Other	Worksheet H ln 24.(E)	-	GP(h)	0.00000	-
288	TOTAL OTHER TAXES	(sum lns 283 to 287)	-			-
289	INCOME TAXES	(Note O)				
290	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		39.71%			
291	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		0.00%			
292	where WCLTD=(ln 327) and WACC = (ln 330)					
293	and FIT, SIT & p are as given in Note O.					
294	GRCF=1 / (1 - T) = (from ln 290)		1.6587			
295	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
296	Income Tax Calculation	(ln 291 * ln 299)	-			-
297	ITC adjustment	(ln 294 * ln 295)	-	NP(h)	0.00000	-
298	TOTAL INCOME TAXES	(sum lns 296 to 297)	-			-
299	RETURN ON RATE BASE (Rate Base*WACC)	(ln 246 * ln 330)	-			-
300	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-	DA	1.00000	-
301	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
302	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 301 * ln291)		-			-
303	TOTAL REVENUE REQUIREMENT (sum lns 271, 280, 288, 298, 299, 300, 301, 302)		26,205			26,205

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

AEP SOUTHWESTERN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
304	Total transmission plant	(ln 185)						-
305	Less transmission plant excluded from SPP Tariff (Note P)							-
306	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)							-
307	Transmission plant included in SPP Tariff	(ln 304 - ln 305 - ln 306)						-
308	Percent of transmission plant in SPP Tariff	(ln 307 / ln 304)					**TP=**	**0.00000**
309	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
310	Production	354.20.b	0	0	-	NA	0.00000	-
311	Transmission	354.21.b	0	0	-	TP	1.00000	-
312	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
313	Distribution	354.23.b	0	0	-	NA	0.00000	-
314	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
315	Total	(sum lns 310 to 314)	0	0	0			-
316	Transmission related amount						**W/S=**	**1.00000**
317	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
318	Long Term Interest	(Worksheet L, ln. 32, col. (D))						-
319	Preferred Dividends	(Worksheet L, ln. 37, col. (D))						-
320	Development of Common Stock:							
321	Proprietary Capital	(FF1 p 112, Ln 16.c)						-
322	Less: Preferred Stock	(FF1 p 112, Ln 3.c)						-
323	Less: Account 216.1	(FF1 p 112, Ln 12 .c)						-
324	Less: Account 219	(FF1 p 112, Ln 15.c)						-
325	Common Stock	(ln 321 - ln 322 - ln 323 - ln 324)						-
326		$		**Capital Structure Weighting** Actual			Cost (Note S)	Weighted
327	Long Term Debt Worksheet L, ln 32, col. (B))	-		0.00%			-	0.0000
328	Preferred Stock (ln 322)	-		0.00%			-	0.0000
329	Commone Stock (ln 325)	-		0.00%			11.90%	0.0000
330	Total (Sum lns 327 to 329)	-					**WACC=**	**0.0000**

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

AEP SOUTHWESTERN TRANSMISSION COMPANY

Letter	Notes
	General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X
A	Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 3) Rental revenues earned on assets included in the rate base. 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service. 5) Other electric revenues. 6) Revenues for grandfathered PTP contracts included in the load divisor. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for SPP Base Plan Upgrade projects or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study are projected as of December 31, 2010. Other ratebase amounts are as of December 31, 2009.
D	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. 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. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on ine 256. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 253. 2) AEP transmission equalization transfers, as shown on line 254 3) The impact of state regulatory deferrals and amortizations, as shown on line 255 4) All A&G Expenses, as shown on line 268.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 245 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 300.
G	Removes the expense booked to transmission account 561 included in the development of OATT ancillary services rates.
H	Removes cost of transmission service provided by others to determine the basis of cash working captial on line 255. To the extent such service is incurred to provide the SPP service at issue, e.g. transmission equalization agreement, such costs are added back on lines 269 and 270 to determine the total O&M collected in the formula. The amounts on lines 269 and 270 are also excluded in the calculation of the FCR percentage calculated on lines through 175.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense.
J	General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
K	These deductions from Worksheet O on lines 10 through 13 are to remove from the cost of service the expenses recorded by the company for Post-emplyoment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
L	Expenses 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 F 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	See note K above. Recoverable PBOP expense of $0.134 per dollar of labor expense is based on the AEP System 2009 total PBOP cost divided by the total direct labor cost. The calculation of the recoverable amount is shown on WS-O.
N	Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts, sales & use 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. See Worksheet G for the development of the Company's composite SIT. 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 295) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 7.25% (State Income Tax Rate or Composite SIT. Worksheet G)) p = 0.00% (percent of federal income tax deductible for state purposes)
P	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.
Q	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 P.
R	Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
S	Long Term Debt cost rate = long-term interest (ln 318) / long term debt (ln 327). Preferred Stock cost rate = preferred dividends (ln 319) / preferred outstanding (ln 328). Common Stock cost rate (ROE) = 11.9%. It includes an additional 50 basis points for SPP RTO membership.

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 138)				-$202
2	REVENUE CREDITS	(Note A) (Worksheet E)	-	DA	1.00000	$ -
3	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				$ (202)

MEMO: The Carrying Charge Calculations on lines 6 to 11 below are used in calculating project revenue requirements billed through SPP Schedule 11, Base Plan Charge. The total non-incentive revenue requirements for these projects shown on line 4 is included in the total on line 3.

4	Revenue Requirement for SPP Schedule 11 Facilities (w/o incentives) (Worksheet K)		#DIV/0!	DA	1.00000	#DIV/0!
5	NET PLANT CARRYING CHARGE w/o intra-AEP charges or credits or ROE incentives (Note B)					
6	Annual Rate	((ln 1 - ln 105)/ ln 48 x 100)				0.00%
7	Monthly Rate	(ln 6 / 12)				0.00%
8	NET PLANT CARRYING CHARGE ON LINE 6 , w/o depreciation or ROE incentives (Note B)					
9	Annual Rate	((ln 1 - ln 105 - ln 110) / ln 48 x 100)				0.00%
10	NET PLANT CARRYING CHARGE ON LINE 9, w/o Return	((ln 1 - ln 105 - ln 115) / ln 57 x 100)				0.00%
11	Annual Rate	((ln 1 - ln 105 - ln 110 - ln 133 - ln 134) / ln 48 x 100)				0.00%
12	ADDITIONAL REVENUE REQUIREMENT for projects w/ ir	((ln 1 - ln 105 - ln 115 - ln 133 - ln 134) / ln 57 x 100)				-
13	**REVENUE REQUIREMENT FOR SCHEDULE 1 CHARGES**					
14	Total Load Dispatch & Scheduling (Account 561)	Line 88 Below				-
15	Less: Load Disptach - Scheduling, System Control and Dispatch Services (321.88.b)					
16	Less: Load Disptach - Reliability, Planning & Standards Development Services (321.92.b)					
17	Total 561 Internally Developed Costs	(Line 14 - Line 15 - Line 16)				-

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY

	(1)	(2)	(3)	(4)		(5)
Line No.	**RATE BASE CALCULATION**	**Data Sources (See "General Notes")**	**TO Total** NOTE C	**Allocator**		**Total Transmission**
	GROSS PLANT IN SERVICE					
18	Production	(Worksheet A ln 1.E)	-	NA	0.00000	-
19	Less: Production ARO (Enter Negative)	(Worksheet A ln 2.E)	-	NA	0.00000	-
20	Transmission	(Worksheet A ln 3.E & Ln 141)	-	DA		-
21	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 4.E)	-	TP	1.00000	-
22	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	NA	0.00000	**N/A**
23	Plus: Additional Trans Plant on Transferred Assets (Worksheet I)		**N/A**	NA	0.00000	**N/A**
24	Distribution	(Worksheet A ln 5.E)	-	NA	0.00000	-
25	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 6.E)	-	NA	0.00000	-
26	General Plant	(Worksheet A ln 7.E)	-	W/S	1.00000	-
27	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 8.E)	-	W/S	1.00000	-
28	Intangible Plant	(Worksheet A ln 9.E)	-	W/S	1.00000	-
29	TOTAL GROSS PLANT	(sum lns 18 to 28)	-	**GP(h)=**	**0.00000**	-
				GTD=	**0.00000**	
30	ACCUMULATED DEPRECIATION AND AMORTIZATION					
31	Production	(Worksheet A ln 12.E)	-	NA	0.00000	-
32	Less: Production ARO (Enter Negative)	(Worksheet A ln 13.E)	-	NA	0.00000	-
33	Transmission	(Worksheet A ln 14.E & 28.E)	-	**TP1=**	1.00000	-
34	Less: Transmission ARO (Enter Negative)	(Worksheet A ln 15.E)	-	**TP1=**	1.00000	-
35	Plus: Transmission Plant-in-Service Additions (Worksheet I)		**N/A**	DA	1.00000	**N/A**
36	Plus: Additional Projected Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
37	Plus: Additional Transmission Depreciation for 2010 (ln 110)		**N/A**	TP1	1.00000	**N/A**
38	Plus: Additional General & Intangible Depreciation for 2010 (ln 109 + ln 110)		**N/A**	W/S	1.00000	**N/A**
39	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I)		**N/A**	DA	1.00000	**N/A**
40	Distribution	(Worksheet A ln 16.E)	-	NA	0.00000	-
41	Less: Distribution ARO (Enter Negative)	(Worksheet A ln 17.E)	-	NA	0.00000	-
42	General Plant	(Worksheet A ln 18.E)	-	W/S	1.00000	-
43	Less: General Plant ARO (Enter Negative)	(Worksheet A ln 19.E)	-	W/S	1.00000	-
44	Intangible Plant	(Worksheet A ln 20.E)	-	W/S	1.00000	-
45	TOTAL ACCUMULATED DEPRECIATION	(sum lns 31 to 44)	-			-
46	NET PLANT IN SERVICE					
47	Production	(ln 18 + ln 19 - ln 31 - ln 32)	-			-
48	Transmission	(ln 20 + ln 21 - ln 33 - ln 34)	-			-
49	Plus: Transmission Plant-in-Service Additions (ln 22 - ln 35)		**N/A**			**N/A**
50	Plus: Additional Trans Plant on Transferred Assets (ln 23 - ln 36)		**N/A**			**N/A**
51	Plus: Additional Transmission Depreciation for 2010 (-ln 37)		**N/A**			**N/A**
52	Plus: Additional General & Intangible Depreciation for 2010 (-ln 38)		**N/A**			**N/A**
53	Plus: Additional Accum Deprec on Transferred Assets (Worksheet I) (-ln 39)		**N/A**			**N/A**
54	Distribution	(ln 24 + ln 25 - ln 40 - ln 41)	-			-
55	General Plant	(ln 26 + ln 27 - ln 42 - ln 43)	-			-
56	Intangible Plant	(ln 28 - ln 44)	-			-
57	TOTAL NET PLANT IN SERVICE	(sum lns 47 to 56)	-	**NP(h)=**	**0.00000**	-
58	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note D)				
59	Account No. 281.1 (enter negative)	(Worksheet B, ln 2 & ln 5.E)	-	NA		-
60	Account No. 282.1 (enter negative)	(Worksheet B, ln 7 & ln 10.E)	-	DA		-
61	Account No. 283.1 (enter negative)	(Worksheet B, ln 12 & ln 15.E)	-	DA		-
62	Account No. 190.1	(Worksheet B, ln 17 & ln 20.E)	-	DA		-
63	Account No. 255 (enter negative)	(Worksheet B, ln 24 & ln 25.E)	-	DA		-
64	TOTAL ADJUSTMENTS	(sum lns 59 to 63)	-			-
65	PLANT HELD FOR FUTURE USE	(Worksheet A ln 29.E & ln 30.E)	-	DA		-
66	These Lines are reserved for future use, should additional rate base items, e.g. CWIP, Regulatory Assets, be approved in a FERC proceeding	(Worksheet A ln 31.E)	-	TP	1.00000	-
67						
68						
69	REGULATORY ASSETS	(Worksheet A ln 39. (E))	-	DA		-
70	WORKING CAPITAL	(Note E)				
71	Cash Working Capital	(1/8 * ln 91)	-			-
72	Transmission Materials & Supplies	(Worksheet C, ln 2.F)	-	TP	1.00000	-
73	A&G Materials & Supplies	(Worksheet C, ln 3.F)	-	W/S	1.00000	-
74	Stores Expense	(Worksheet C, ln 4.(D))	-	GP(h)	0.00000	-
75	Prepayments (Account 165) - Labor Allocated	(Worksheet C, ln 8.G)	-	W/S	1.00000	-
76	Prepayments (Account 165) - Gross Plant	(Worksheet C, ln 8.F)	-	GP(h)	0.00000	-
77	Prepayments (Account 165) - Transmission Only	(Worksheet C, ln 8.E)	-	DA	1.00000	-
78	Prepayments (Account 165) - Unallocable	(Worksheet C, ln 8.D)	-	NA	0.00000	-
79	TOTAL WORKING CAPITAL	(sum lns 71 to 78)	-			-
80	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note F) (Worksheet D, ln 8 (B))	-	DA	1.00000	-
81	RATE BASE (sum lns 57, 64, 65, 69, 79, 80)		-			-

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator		(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE					
82	Production	321.80.b	-			
83	Distribution	322.156.b	-			
84	Customer Related Expense	322.164,171,178.b	-			
85	Regional Marketing Expenses	322.131.b	-			
86	Transmission	321.112.b	-			
87	TOTAL O&M EXPENSES	(sum lns 82 to 86)	-			
88	Less: Total Account 561	(Note G) 321.84-92.b	-			
89	Less: Account 565	(Note H) 321.96.b	-			
90	Less: Regulatory Deferrals & Amortizations	(Note I) (Worksheet F, ln 4.C)	-			
91	Total O&M Allocable to Transmission	(lns 86 - 88 - 89 - 90)	-	TP	1.00000	-
92	Administrative and General	323.197.b (Note J)	-			
93	Less: Acct. 924, Property Insurance	323.185.b	-			
94	Acct. 928, Reg. Com. Exp.	323.189.b	-			
95	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-			
96	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-			
97	Balance of A & G	(ln 92 - sum ln 93 to ln 96)	-	W/S	1.00000	-
98	Plus: Acct. 924, Property Insurance	(ln 93)	-	GP(h)	0.00000	-
99	Acct. 928 - Transmission Specific	Worksheet F ln 11.(E) (Note L)	-	TP	1.00000	-
100	Acct 930.1 - Only safety related ads -Direct	Worksheet F ln 27.(E) (Note L)	-	TP	1.00000	-
101	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet F ln 33.(E) (Note L)	-	DA	1.00000	-
102	Settlement Approved PBOP Recovery	Worksheet O Ln 9 (B), (Note K & M)	(202)	W/S	1.00000	(202)
103	A & G Subtotal	(sum lns 97 to 102)	(202)			(202)
104	O & M EXPENSE SUBTOTAL	(ln 91 + ln 103)	(202)			(202)
105	Plus: Transmission Lease Payments To Affiliates in Acct 565 (Company Records) (Note H)		-	DA	1.00000	-
106	TOTAL O & M EXPENSE	(ln 104 + ln 105)	(202)			(202)
107	DEPRECIATION AND AMORTIZATION EXPENSE					
108	Production	336.2-6.f	-	NA	0.00000	-
109	Distribution	336.8.f	-	NA	0.00000	-
110	Transmission	336.7.f	-	TP1	1.00000	-
111	Plus: Transmission Plant-in-Service Additions (Worksheet I)		N/A			N/A
112	Plus: Formation Costs Amortization	(Worksheet A ln 36.C)	-	TP1	1.00000	-
113	General	336.10.f	-	W/S	1.00000	-
114	Intangible	336.1.f	-	W/S	1.00000	-
115	TOTAL DEPRECIATION AND AMORTIZATI0N	(Ln 108+109+ 110+111+113+114)	-			-
116	TAXES OTHER THAN INCOME	(Note N)				
117	Labor Related					
118	Payroll	Worksheet H ln 24.(D)	-	W/S	1.00000	-
119	Plant Related					
120	Property	Worksheet H ln 24.(C) & ln 59.(C)	-	DA		-
121	Gross Receipts/Sales & Use	Worksheet H ln 24.(F)	-	NA	0.00000	-
122	Other	Worksheet H ln 24.(E)	-	GP(h)	0.00000	-
123	TOTAL OTHER TAXES	(sum lns 118 to 122)	-			-
124	INCOME TAXES	(Note O)				
125	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		39.71%			
126	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		0.00%			
127	where WCLTD=(ln 162) and WACC = (ln 165)					
128	and FIT, SIT & p are as given in Note O.					
129	GRCF=1 / (1 - T) = (from ln 125)		1.6587			
130	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-			
131	Income Tax Calculation	(ln 126 * ln 134)	-			-
132	ITC adjustment	(ln 129 * ln 130)	-	NP(h)	0.00000	-
133	TOTAL INCOME TAXES	(sum lns 131 to 132)	-			-
134	RETURN ON RATE BASE (Rate Base*WACC)	(ln 81 * ln 165)	-			-
135	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note F) (Worksheet D, ln 2.(B))		-	DA	1.00000	-
136	(Gains) / Losses on Sales of Plant Held for Future Use (Worksheet N, ln 4, Cols. ((F) & (H))		-			-
137	Tax Impact on Net Loss / (Gain) on Sales of Plant Held for Future Use (ln 136 * ln126)		-			-
138	TOTAL REVENUE REQUIREMENT (sum lns 106, 115, 123, 133, 134, 135, 136, 137)		(202)			(202)

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
139	Total transmission plant	(ln 20)						-
140	Less transmission plant excluded from SPP Tariff (Note P)							-
141	Less transmission plant included in OATT Ancillary Services (Worksheet A, ln 23, Col. (C)) (Note Q)							-
142	Transmission plant included in SPP Tariff	(ln 139 - ln 140 - ln 141)						-
143	Percent of transmission plant in SPP Tariff	(ln 142 / ln 139)					**TP**	**0.00000**
144	WAGES & SALARY ALLOCATOR (W/S)	(Note R)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
145	Production	354.20.b	0	0	-	NA	0.00000	-
146	Transmission	354.21.b	0	0	-	TP	1.00000	-
147	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
148	Distribution	354.23.b	0	0	-	NA	0.00000	-
149	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000	-
150	Total	(sum lns 145 to 149)	0	0	0			-
151	Transmission related amount						**W/S=**	**1.00000**
152	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							$
153	Long Term Interest	(Worksheet M, ln. 17, col. (E))						-
154	Preferred Dividends	(Worksheet M, ln. 45, col. (E))						-
155	Development of Common Stock:							Average
156	Proprietary Capital	(Worksheet M, ln. 1, col. (E))						-
157	Less: Preferred Stock	(Worksheet M, ln. 2, col. (E))						-
158	Less: Account 216.1	(Worksheet M, ln. 3, col. (E))						-
159	Less: Account 219	(Worksheet M, ln. 4, col. (E))						-
160	Common Stock	(ln 156 - ln 157 - ln 158 - ln 159)						-
161		Average $		**Capital Structure Weighting** Actual			Cost (Note S)	Weighted
162	Long Term Debt Worksheet L, ln 32, col. (B))	-		0.00%			-	0.0000
163	Preferred Stock (ln 157)	-		0.00%			-	0.0000
164	Commone Stock (ln 160)	-		0.00%			11.90%	0.0000
165	Total (Sum lns 162 to 164)	-					**WACC=**	**0.0000**

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2009 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY

Letter	Notes
	General Notes: a) References to data from Worksheets are indicated as: Worksheet X, Line#.Column.X
A	Revenue credits include: 1) Forfeited Discounts. 2) Miscellaneous Service Revenues. 3) Rental revenues earned on assets included in the rate base. 4) Revenues for associated business projects provided by employees whose labor and overhead costs are in the transmission cost of service. 5) Other electric revenues. 6) Revenues for grandfathered PTP contracts included in the load divisor. See Worksheet E for details.
B	The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for SPP Base Plan Upgrade projects or those projects receiving approved incentive-ROE's.
C	Transmission Plant balances in this study are projected as of December 31, 2010. Other ratebase amounts are as of December 31, 2009.
D	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. 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. In compliance with FERC Rulemaking RM02-7-000, Asset Retirement Obligation deferrals have been removed from ratebase. Transmission ADIT allocations are shown on WS B.
E	Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission, as shown on ine 91. It excludes: 1) Load Scheduling & Dispatch Charges in account 561 that are collected in the OATT Ancilliary Services Revenue, as shown on line 88. 2) AEP transmission equalization transfers, as shown on line 89 3) The impact of state regulatory deferrals and amortizations, as shown on line 90 4) All A&G Expenses, as shown on line 103.
F	Consistent with Paragraph 657 of Order 2003-A, the amount on line 80 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 135.
G	Removes the expense booked to transmission account 561 included in the development of OATT ancillary services rates.
H	Removes cost of transmission service provided by others to determine the basis of cash working captial on line 90. To the extent such service is incurred to provide the SPP service at issue, e.g. transmission equalization agreement, such costs are added back on lines 104 and 105 to determine the total O&M collected in the formula. The amounts on lines 104 and 105 are also excluded in the calculation of the FCR percentage calculated on lines through 10.
I	Removes the impact of state regulatory deferrals or their amortization from O&M expense. applicable only for state regulatory purposes.
J	Removes the impact of regulatory deferrals or their amortization applicable only for state regulatory purposes.
K	These deductions from Worksheet O on lines 10 through 13 are to remove from the cost of service the expenses recorded by the company for Post-emplyoment Benefits Other than Pensions (PBOP). See Note M below for the recoverable PBOP expense.
L	Expenses 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 F 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	See note K above. Recoverable PBOP expense of $0.134 per dollar of labor expense is based on the AEP System 2009 total PBOP cost divided by the total direct labor cost. The calculation of the recoverable amount is shown on WS-O.
N	Includes only FICA, unemployment, highway, property and other assessments charged in the current year. Gross receipts tax 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. See Worksheet G for the development of the Company's composite SIT. 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 130) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0. Inputs Required: FIT = 35.00% SIT= 7.25% (State Income Tax Rate or Composite SIT. Worksheet G)) p = 0.00% (percent of federal income tax deductible for state purposes)
P	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.
Q	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 P.
R	Includes functional wages & salaries billed by AEP Service Corporation for support of the operating company.
S	Long Term Debt cost rate = long-term interest (ln 153) / long term debt (ln 162). Preferred Stock cost rate = preferred dividends (ln 154) / preferred outstanding (ln 163). Common Stock cost rate (ROE) = 11.9%. It includes an additional 50 basis points for RTO membership.

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet A Supporting Plant Balances
AEP SOUTHWESTERN TRANSMISSION COMPANY

Line Number	(A) Rate Base Item & Supporting Balance	(B) Source of Data	(C) Balance @ December 31, 2009	(D) Balance @ December 31, 2008	(E) Average Balance for 2009
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Blalances					
1	**Production Plant In Service**	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46			-
2	**Production Asset Retirement Obligation (ARO)**	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44			-
3	**Transmission Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58			-
4	**Transmission Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57			-
5	**Distribution Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75			-
6	**Distribution Asset Retirement Obligation**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74			-
7	**General Plant In Service**	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99			-
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			-
10	**Total Property Investment Balance**	(Sum of Lines: 3, 1, 5, 7, 9)	-	-	-
11	**Total ARO Balance (included in total on line 10)**	(Sum of Lines: 4, 2, 6, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	**Production Accumulated Depreciation**	FF1, page 219, lns 20-24, Col. (b)			-
13	**Production ARO Accumulated Depreciation**	Company Records			-
14	**Transmission Accumulated Depreciation**	FF1, page 219, ln 25, Col. (b)			-
15	**Transmission ARO Accumulated Depreciation**	Company Records			-
16	**Distribution Accumulated Depreciation**	FF1, page 219, ln 26, Col. (b)			-
17	**Distribution ARO Accumulated Depreciation**	Company Records			-
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, 12, 16, 18, 20)	-	-	-
22	**Total ARO Balance (included in total on line 21)**	(Sum of Lines: 15, 13, 17, 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			-
31	**Construction Work In Progress**	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.				
32	Beginning Balance of Regulatory Asset		105,628		-
33	Amortization in Months		24		-
34	Monthly Amortization	(line 32 / line 33)	4,401		-
35	Months in Year to be amortized		6		-
36	Amortization Expense in Current Year	(line 34 X line 35)	26,407		
37	Ending Balance of Regulatory Asset	(line 32 - line 36)	79,221		
38	Average Balance of Regulatory Asset	(line 32 + line 36)/2	92,424		-
39	Total Regulatory Deferrals Included in Ratebase		79,221	-	-

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet B Supporting ADIT and ITC Balances
AEP SOUTHWESTERN TRANSMISSION COMPANY

Line Number	(A) Description	(B) Source	(C) Balance @ December 31, 2009	(D) Balance @ December 31, 2008	(E) Average Balance for 2009
1	**Account 281**				
2	Year End Utility Deferrals	FF1, p. 272 - 273, ln 8, Col. (k)			-
3	Less: ARO Related Deferrals	Company Records			-
4	Less: Other Excluded Deferrals	Company Records			-
5	Transmission Related Deferrals	Ln 2 - ln 3 - ln 4	-	-	-
6	**Account 282**				
7	Year End Utility Deferrals	FF1, p. 274 - 275, ln 5, Col. (k)			-
8	Less: ARO Related Deferrals	Company Records			-
9	Less: Other Excluded Deferrals	Company Records			-
10	Transmission Related Deferrals	Ln 7 - ln 8 - ln 9	-	-	-
11	**Account 283**				
12	Year End Utility Deferrals	FF1, p. 276 - 277, ln 9, Col. (k)			-
13	Less: ARO Related Deferrals	Company Records			-
14	Less: Other Excluded Deferrals	Company Records			-
15	Transmission Related Deferrals	Ln 12 - ln 13 - ln 14	-	-	-
16	**Account 190**				
17	Year End Utility Deferrals	FF1, p. 234, ln 8, Col. (c)			-
18	Less: ARO Related Deferrals	Company Records			-
19	Less: Other Excluded Deferrals	Company Records			-
20	Transmission Related Deferrals	Ln 17 - ln 18 - ln 19	-	-	-
21	**Account 255**				
22	Year End ITC Balances	FF1, p. 266-267, ln 8, Col. (h)			-
23	Less: Balances Not Qualified for Ratebase	Company Records			-
24	ITC Balances Includeable Ratebase	Ln 22 - ln 23	-	-	-
25	Transmission Related Deferrals	Company Records			-

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet C Supporting Working Capital Rate Base Adjustments
AEP SOUTHWESTERN TRANSMISSION COMPANY

Materials & Supplies

Line Number	(A)	(B)	(C) Source	(D) Balance @ December 31, 2009	(E) Balance @ December 31, 2008	(F) Average Balance for 2009	(G)	(H)	(I)
1									
2		Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c) & (b)			-			
3		General Materials & Supplies	FF1, p. 227, ln 11, Col. (c) & (b)			-			
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	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
5							
6	Totals as of December 31, 2009	0	0	0	0	0	0
7	Totals as of December 31, 2008						
8	**Average Balance**	-	-	-	-	-	-

Prepayments Account 165 - Balance @ 12/31/2009

9	Acc. No.	Description	2009 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
10				-		-		-
11				-		-		-
12				-			-	-
13				-				-
14				-			-	-
15				-				-
16				-				-
17							-	-
18				-				-
19				-			-	-
								-
		Subtotal - Form 1, p 111.57.c	0	0	0	0	0	0

Prepayments Account 165 - Balance @ 12/31/ 2009

20	Acc. No.	Description	2009 YE Balance	Excludable Balances	100% Transmission Related	Transmission Plant Related	Transmission Labor Related	Total Included in Ratebase (E)+(F)+(G)
21						0		-
22						0		-
23						0		-
24								-
25				0				-
26				0				-
27				0				-
28				0				-
29							0	-
30				0				-
31				0				-
		Subtotal - Form 1, p 111.57.c						

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet D Supporting IPP Credits
AEP SOUTHWESTERN TRANSMISSION COMPANY

Line Number	(A) Description	(B) 2009
1	Net Funds from IPP Customers 12/31/2009 (2009 FORM 1, P269, line 24.b)	-
2	Interest Accrual (Company Records)	
3	Revenue Credits to Generators (Company Records)	-
4	Other Adjustments	
5	Accounting Adjustment (Company Records)	
6		-
7	Net Funds from IPP Customers 12/31/2009 (2009 FORM 1, P269, line 24.f)	-
8	Average Balance for Year as Indicated in Column ((ln 1 + ln 7)/2)	-

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet E Supporting Revenue Credits
AEP SOUTHWESTERN TRANSMISSION COMPANY

Line Number	Description	Total Company	Non-Transmission	Transmission
1	**Account 450, Forfeited Discounts**		-	
2	**Account 451,Miscellaneous Service Revenues**		-	
3	**Account 454, Rent from Electric Property**		-	
4	**Account 4560015, Associated Business Development**		-	
5	**Account 456 - Other Electric Revenues**		-	
6	**Accounts 4470004 & 5, Revenues from Grandfathered Transmission Contracts**		-	
7	**Total Other Operating Revenues To Reduce Revenue Requirement**	-		-

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet F Supporting Allocation of Specific O&M or A&G Expenses
AEP SOUTHWESTERN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(G)
Line Number	Item No.	Description	2009 Expense	100% Non-Transmission	100% Transmission Specific	Explanation
		Regulatory O&M Deferrals & Amortizations				
1		AEP Formation Costs	-			
2			-			
3			-			
4		**Total**	0			
		Account 928				
5					-	
6					-	
7					-	
8					-	
9					-	
10					-	
11		**Total**	-	-	-	
		Account 930.1				
12				-	-	
13				-	-	
14				-	-	
15				-	-	
16				-	-	
17				-	-	
18				-	-	
19				-	-	
20				-	-	
21				-	-	
22				-	-	
23				-	-	
24				-	-	
25				-	-	
26				-	-	
27		**Total**	-	-	-	
		Account 930.2				
28						
29						
30						
31						
32						
33		**Total**	-	-	-	

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet G Supporting - Development of Composite State Income Tax Rate
AEP SOUTHWESTERN TRANSMISSION COMPANY

1	Arkansas State Tax Rate	6.50%	
	Apportionment Factor	50.00%	
	Effective State Tax Rate		3.25%
2	Louisiana State Tax Rate	8.00%	
	Apportionment Factor	50.00%	
	Effective State Tax Rate		4.00%
3	_____ Tax Rate	0.00%	
	Apportionment Factor	0.00%	
	Effective State Tax Rate		0.00%
4	_____ Tax Rate	0.00%	
	Apportionment Factor	0.00%	
	Effective State Tax Rate		0.00%
5	_____ Tax Rate	0.00%	
	Apportionment Factor	0.00%	
	Effective State Tax Rate		0.00%
	Total Effective State Income Tax Rate		7.25%

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet H Supporting Taxes Other than Income
AEP SOUTHWESTERN TRANSMISSION COMPANY

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Account	Total Company	Property	Labor	Other	Non-Allocable
1	**Revenue Taxes**					
2	List Individual Taxes Here					-
3	**Real Estate and Personal Property Taxes**					
4	Real and Personal Property - Jurisdiction #1		-			
5	Real and Personal Property - Jurisdiction #2		-			
6	Real and Personal Property - Jurisdiction #3		-			
7	Real and Personal Property - Other Jurisdictions		-			
8	**Payroll Taxes**					
9	Federal Insurance Contribution (FICA)			-		
10	Federal Unemployment Tax			-		
11	State Unemployment Insurance			-		
12	**Production Taxes**					
13	List Individual Taxes Here					-
14						-
15	**Miscellaneous Taxes**					
16	List Individual Taxes Here					-
17					-	
18						-
19					-	
20					-	
21					-	
22						-
23						-
24	Total Taxes by Allocable Basis	-	-	-	-	-
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))					

Functional Property Tax Allocation

		Production	Transmission	Distribution	General	Total
25	Functionalized Net Plant (Hist. TCOS, Lns 212 thru 222)	-	-	-	-	-
	ARKANSAS JURISDICTION					
26	Percentage of Plant in ARKANSAS JURISDICTION					
27	Net Plant in ARKANSAS JURISDICTION (Ln 25 * Ln 26)	-	-	-	-	-
28	Less: Net Value of Exempted Generation Plant					
29	Taxable Property Basis (Ln 27 - Ln 28)	-	-	-	-	-
30	Relative Valuation Factor					
31	Weighted Net Plant (Ln 29 * Ln 30)	-	-	-	-	
32	General Plant Allocator (Ln 31 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
33	Functionalized General Plant (Ln 32 * General Plant)	-	-	-	-	-
34	Weighted ARKANSAS JURISDICTION Plant (Ln 31 + 33)	-	-	-	-	-
35	Functional Percentage (Ln 34/Total Ln 34)	0.00%	0.00%	0.00%		
36	Functionalized Expense in ARKANSAS JURISDICTION	-	-	-		-
	LOUISIANA JURISDICTION					
37	Percentage of Plant in LOUISIANA JURISDICTION					
38	Net Plant in LOUISIANA JURISDICTION (Ln 25 * Ln 37)	-	-	-	-	-
39	Less: Net Value of Exempted Generation Plant					
40	Taxable Property Basis (Ln 38 - Ln 39)	-	-	-	-	-
41	Relative Valuation Factor					
42	Weighted Net Plant (Ln 40 * Ln 41)	-	-	-	-	
43	General Plant Allocator (Ln 42 / (Total - General Plant))	0.00%	0.00%	0.00%	-100.00%	
44	Functionalized General Plant (Ln 43 * General Plant)	-	-	-	-	-
45	Weighted LOUISIANA JURISDICTION Plant (Ln 42 + 44)	-	-	-	-	-
46	Functional Percentage (Ln 45/Total Ln 45)	0.00%	0.00%	0.00%		
47	Functionalized Expense in LOUISIANA JURISDICTION	-	-	-		-
	_____ **JURISDICTION**					
48	Net Plant in _____ JURISDICTION (Ln 25 - Ln 27 - Ln 38)	-	-	-	-	-
49	Less: Net Value Exempted Generation Plant					
50	Taxable Property Basis	-	-	-	-	-
51	Relative Valuation Factor					
52	Weighted Net Plant (Ln 50 * Ln 51)	-	-	-	-	
53	General Plant Allocator (Ln 52 / (Total - General Plant)	0.00%	0.00%	0.00%	-100.00%	
54	Functionalized General Plant (Ln 54 * General Plant)	-	-	-	-	
55	Weighted _____ JURISDICTION Plant (Ln 52 + 54)	-	-	-	-	-
56	Functional Percentage (Ln 55/Total Ln 55)	0.00%	0.00%	0.00%		
57	Functionalized Expense in _____ JURISDICTION	-	-	-		-
58	Total Other Jurisdictions: (Line 7 * Net Plant Allocator)	-	-			-
59	Total Func. Property Taxes (Sum Lns 36, 47 57, 58)	-	-	-		-

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet I Supporting Transmission Plant in Service Additions
AEP SOUTHWESTERN TRANSMISSION COMPANY

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

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2009) (P.206, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2009) (P.207, ln 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, ln 275	-
6	Composite Depreciation Rate	2.78%
7	Average Life in Whole Years	36

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	$ -	2.78%	$ -	$ -	11	$ -
10	February	$ -	2.78%	$ -	$ -	10	$ -
11	March	$ -	2.78%	$ -	$ -	9	$ -
12	April	$ -	2.78%	$ -	$ -	8	$ -
13	May	$ -	2.78%	$ -	$ -	7	$ -
14	June	$ -	2.78%	$ -	$ -	6	$ -
15	July	$ -	2.78%	$ -	$ -	5	$ -
16	August	$ -	2.78%	$ -	$ -	4	$ -
17	September	$ -	2.78%	$ -	$ -	3	$ -
18	October	$ -	2.78%	$ -	$ -	2	$ -
19	November	$ -	2.78%	$ -	$ -	1	$ -
20	December	$ -	2.78%	$ -	$ -	0	$ -
21	Investment	$ -				Depreciation Expense	$ -

III. Plant Transferred

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

IV. List of Major Projects Expected to be In-Service in 2010

		Estimated Cost (000's)	Month in Service
25	**Major Zonal Projects**		
26			Multiple
27			Multiple
28			Multiple
29			Multiple
30			Multiple
31	Subtotal	-	
32	Monthly Addition	$0	
33	**SPP Socialized/Beneficiary Allocated Regional Projects**		
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48	Subtotal	-	
49	**Total Projects in Service**	**$0**	

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet J Supporting Calculation of PROJECTED SPP BPU Projects Revenue Requirement
AEP SOUTHWESTERN TRANSMISSION COMPANY

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

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

ROE w/o incentives (Projected TCOS, ln 164)	11.90%
Project ROE Incentive Adder	
ROE with additional basis point incentive	11.90%

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the Projected TCOS, lns 162 through164)

	%	Cost	Weighted cost
Long Term Debt	50.00%	6.00%	3.000%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	50.00%	11.90%	5.950%
		R =	8.950%

SUMMARY OF PROJECTED SPP BPU ANNUAL REVENUE REQUIREMENTS		Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR	2010	-	-	$ -

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

Rate Base (Projected TCOS, ln 81)	79,221
R (fom A. above)	8.950%
Return (Rate Base x R)	7,090

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

Return (from B. above)	7,090
Effective Tax Rate (Projected TCOS, ln 126)	43.79%
Income Tax Calculation (Return x CIT)	3,105
ITC Adjustment	-
Income Taxes	3,105

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

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

Annual Revenue Requirement (Projected TCOS, ln 1)	36,400
Lease Payments (Projected TCOS, Ln 105)	-
Return (Projected TCOS, ln 134)	7,090
Income Taxes (Projected TCOS, ln 133)	3,105
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	26,205

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

Annual Revenue Requirement, Less Lease Payments, Return and Taxes	26,205
Return (from I.B. above)	7,090
Income Taxes (from I.C. above)	3,105
Annual Revenue Requirement, with Basis Point ROE increase	36,400
Depreciation & Amortization Expense (Projected TCOS, ln 115)	26,407
Annual Rev. Req, w/ Basis Point ROE increase, less Depreciation	9,993

C. Determine FCR with hypothetical basis point ROE increase.

Net Transmission Plant (Projected TCOS, ln 48)	-
Annual Revenue Requirement, with Basis Point ROE increase	36,400
FCR with Basis Point increase in ROE	0.00%
Annual Rev. Req, w / Basis Point ROE increase, less Dep.	9,993
FCR with Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, ln 9)	0.00%
Incremental FCR with Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period (2009) (P.206, ln 58,(b)):	-
Transmission Plant @ End of Historic Period (2009) (P.207, ln 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for 2009	-
Annual Depreciation Rate (Projected TCOS, ln 110)	-
Composite Depreciation Rate	2.78%
Depreciable Life for Composite Depreciation Rate	35.97
Average Life in Whole Years	36

TransCo Worksheet J - ATRR PROJECTED Calculation for SPP BPU Projects*

* This section IV can be provided during annual update via separate file(s) when project count > 1.

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER10-925-000)

Project Description: Arsenal Hill-Ft Humbug 138 kV Line (714,056)

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

Details			
Investment	-	Current Year	**2010**
Service Year (yyyy)	2010	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	-	FCR w/o incentives	0.00%
		FCR w/o incentives,or depreciation	0.00%
Project Useful life	36	Annual Depreciation Rate	2.78%
		FCR including Project Depreciation	0.00%
CIAC Amount	0	Annual Depreciation Expense	-

Investment Year	Beginning Balance	Depreciation Expense	Ending Balance	BPU Rev. Req't. w/o Incentives	BPU Rev. Req't. with Incentives **	Incentive Rev. Requirement ##
2010	-	-	-	-	-	$ -
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	-	-	-	-	-	$ -
2049	-	-	-	-	-	$ -
2050	-	-	-	-	-	$ -
2051	-	-	-	-	-	$ -
2052	-	-	-	-	-	$ -
2053	-	-	-	-	-	$ -
2054	-	-	-	-	-	$ -
2055	-	-	-	-	-	$ -
2056	-	-	-	-	-	$ -
2057	-	-	-	-	-	$ -
2058	-	-	-	-	-	$ -
2059	-	-	-	-	-	$ -
2060	-	-	-	-	-	$ -
2061	-	-	-	-	-	$ -
2062	-	-	-	-	-	$ -
2063	-	-	-	-	-	$ -
2064	-	-	-	-	-	$ -
2065	-	-	-	-	-	$ -
2066	-	-	-	-	-	$ -
2067	-	-	-	-	-	$ -
2068	-	-	-	-	-	$ -
2069	-	-	-	-	-	$ -
Project Totals		-		-	-	-

CUMULATIVE HISTORY OF PROJECTED ANNUAL REVENUE REQUIREMENTS:

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.

BPU Projected Rev. Req't.From Prior Year Template w/o Incentives		BPU Projected Rev. Req't.From Prior Year Template with Incentives **		

** 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. Th 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.

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet K Supporting Calculation of TRUE-UP SPP BPU Projects Revenue Requirement
AEP SOUTHWESTERN TRANSMISSION COMPANY

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

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

ROE w/o incentives (True-Up TCOS, ln 164)	11.90%
Project ROE Incentive Adder	0
ROE with additional 0 basis point incentive	11.90%

Determine R (cost of long term debt, cost of preferred stock and equity percentage is from the True-Up TCOS, lns 162 through164)

	%	Cost	Weighted cost
Long Term Debt	0.00%	0.00%	0.000%
Preferred Stock	0.00%	0.00%	0.000%
Common Stock	0.00%	11.90%	0.000%
		R =	0.000%

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

Rate Base (True-Up TCOS, ln 81)	-
R (fom A. above)	0.000%
Return (Rate Base x R)	-

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

Return (from B. above)	-
Effective Tax Rate (True-Up TCOS, ln 126)	0.00%
Income Tax Calculation (Return x CIT)	-
ITC Adjustment	-
Income Taxes	-

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR BPU PROJECTS

		Rev Require	W Incentives	Incentive Amounts
TRUE-UP YEAR	2009			
As Projected in Prior Year WS J				$ -
Actual after True-up		#DIV/0!	$ -	#DIV/0!
True-up of ARR For 2009		#DIV/0!	-	#DIV/0!

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

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

Annual Revenue Requirement (True-Up TCOS, ln 1)	(202)
Lease Payments (True-Up TCOS, Ln105)	-
Return (True-Up TCOS, ln 134)	-
Income Taxes (True-Up TCOS, ln 133)	-
Annual Revenue Requirement, Less Lease Payments, Return and Taxes	(202)

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

Annual Revenue Requirement, Less Lease Payments, Return and Ta	(202)
Return (from I.B. above)	-
Income Taxes (from I.C. above)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	(202)
Depreciation (True-Up TCOS, ln 110)	-
Annual Rev. Req, w/ 0 Basis Point ROE increase, less Depreciation	(202)

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

Net Transmission Plant (True-Up TCOS, ln 48)	-
Annual Revenue Requirement, with 0 Basis Point ROE increase	(202)
FCR with 0 Basis Point increase in ROE	0.00%
Annual Rev. Req, w / 0 Basis Point ROE increase, less Dep.	(202)
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, ln 9)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Historic Period () (P.206, ln 58,(b)):	-
Transmission Plant @ End of Historic Period () (P.207, ln 58,(g)):	-
Subtotal	-
Average Transmission Plant Balance for 2009	-
Annual Depreciation Rate (True-Up TCOS, ln 110)	-
Composite Depreciation Rate	0.00%
Depreciable Life for Composite Depreciation Rate	-
Average Life in Whole Years	-

TransCo Worksheet K - ATRR TRUE-UP Calculation for SPP BPU Projects*

* This section IV can be provided during annual update via separate file(s) when project count > 1.

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

A. Base Plan Facilities

Facilities receiving incentives accepted by FERC in Docket No. (e.g. ER10-925-000)

Project Description:

2009	Rev Require	W Incentives	Incentive Amounts
Prior Yr Projected	-	-	-
Prior Yr True-Up	**#DIV/0!**	-	#DIV/0!
True-Up Adjustment	**#DIV/0!**	-	**#DIV/0!**

Details			
Investment	-	Current Year	**2009**
Service Year (yyyy)	2009	ROE increase accepted by FERC (Basis Points)	-
Service Month (1-12)	-	FCR w/o incentives	#DIV/0!
		FCR w/o incentives,or depreciation	#DIV/0!
Project Useful life	-	Annual Depreciation Rate	0.00%
		FCR including Project Depreciation	#DIV/0!
CIAC Amount	-	Annual Depreciation Expense	-

TRUE UP OF PROJECT REVENUE REQUIREMENT FOR PRIOR YEA

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	Beginning Balance	Depreciation Expense	Ending Balance	Average Balance	BPU Rev. Req't. w/o Incentives	BPU Rev. Req't. with Incentives **	Incentive Rev. Requirement ##	BPU Projected Rev. Req't.From Prior Year WS J w/o Incentives	BPU Rev Req't True up w/o Incentives	BPU Projected Rev. Req't.From Prior Year WS J with Incentives **	BPU Rev Req't True-up with Incentives **	True-up of Incentive with Incentives **
2009	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2010	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2011	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2012	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2013	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2014	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2015	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2016	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2017	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2018	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2019	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2020	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2021	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2022	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2023	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2024	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2025	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2026	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2027	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2028	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2029	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2030	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2031	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2032	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2033	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2034	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2035	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2036	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2037	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2038	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2039	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2040	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2041	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2042	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2043	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2044	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2045	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2046	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2047	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2048	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2049	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2050	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2051	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2052	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2053	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2054	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2055	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2056	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2057	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2058	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2059	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2060	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2061	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2062	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2063	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2064	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2065	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2066	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2067	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
2068	-	-	-	-	#DIV/0!	-	#DIV/0!		$ -		$ -	$ -
Project Totals		-			#DIV/0!	-	#DIV/0!					

** 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.

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet L Supporting Projected Cost of Debt
AEP SOUTHWESTERN TRANSMISSION COMPANY

Calculation of Interest Expense Based on Outstanding Debt at Year End

Line Number	(A) Issuance	(B) Principle Amount	(C) Interest Rate	(D) Annual Expense	(E) Notes
1	**Long Term Debt (FF1.p. 256-257.h)**				
2				-	
3					
4	**Installment Purchase Contracts (FF1.p. 256-257.h, a, & i)**				
5				-	
6				-	
7				-	
8				-	
9				-	
10				-	
11				-	
12				-	
13				-	
14				-	
15				-	
16				-	
17				-	
18				-	
19				-	
20				-	
21				-	
22				-	
23				-	
24			0.000%		
25	Issuance Discount, Premium, & Expenses:				
26	Financial Hedges & Auction Fees	FF1.p. 256 & 257.Lines Described as Hedges or Fees			
27	Amort of Debt Discount and Expenses	FF1.p. 117.63.c			
28	Amor of Debt Premimums (Enter Negative)	FF1.p. 117.65.c		-	
29	Reacquired Debt:				
30	Amortization of Loss	FF1.p. 117.64.c			
31	Amortization of Gain	FF1.p. 117.66.c		-	
32	**Total Interest on Long Term Debt**	-	0.000%	-	
33	**Preferred Stock (FF1.p. 250-251)**	**Preferred Shares Outstanding**			
34				-	
35				-	
36				-	
37	**Dividends on Preferred Stock**	-	0.000%	-	

AEPTCo subsidiaries in SPP
Transmission Cost of Service Formula Rate
AEP SOUTHWESTERN TRANSMISSION COMPANY

Worksheet M Supporting Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At YE2009 And YE2008

(A) Line	(B)	(C) Balances @ 12/31/2009	(D) Balances @ 12/31/2008	(E) Average
Development of Average Balance of Common Equity				
1	Proprietary Capital (112.16.c&d)			-
2	Less Preferred Stock (Ln 52 Below)	0	-	-
3	Less Account 216.1 (112.12.c&d)			-
4	Less Account 219.1 (112.15.c&d)			-
5	**Average Balance of Common Equity**	-	-	**-**
Development of Cost of Long Term Debt Based on Average Outstanding Balance				
6	Bonds (112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (112.19.c&d)	-	-	-
8	LT Advances from Assoc. Companies (112.20.c&d)			-
9	Senior Unsecured Notes (112.21.c&d)			-
10	Less: Fair Value Hedges (See Note on Ln 12 below)			-
11	**Total Average Debt**	-	-	**-**
12	**NOTE: The balance of fair value hedges on outstanding long term debt are to be excluded from the balance of long term debt included in the formula's capital structure.**			
13	**Annual Interest Expense for 2009**			
14	Interest on Long Term Debt (256-257.33.i)			
15	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col. (i) of FERC Form 1 included in Ln 14 and shown in Ln 33 below.			
16	Amort of Debt Discount & Expense (117.63.c)			
17	Amort of Loss on Reacquired Debt (117.64.c)			
18	Less: Amort of Premium on Debt (117.65.c)			-
19	Less: Amort of Gain on Reacquired Debt (117.66.c)			-
20	**Total Interest Expense (Ln 14 + Ln 16 + Ln 17 - Ln 18 - Ln 19)**			**-**
21	**Average Cost of Debt for 2009 (Ln 21/Ln 11)**			**0.00%**

CALCULATION OF RECOVERABLE HEDGE GAINS/LOSSES

22 NOTE: The net amount of hedging gains or losses recorded in account 427 to be recovered in this formula rate should be limited to the effective portion of pre-issuance cash flow hedges that are amortized over the life of the underlying debt issuances. Amounts related to the ineffective portion of pre-issuance hedges, cash settlements of fair value hedges issued on Long Term Debt, post-issuance cash flow hedges, and cash flow hedges of variable rate debt issuances are not recoverable in this formula and are to be recorded in the "Excludable" column below.

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2007	Less Excludable Amounts (See NOTE on Line 22)	Net Includable Hedge Amount	Remaining Unamortized Balance	Amortization Period Beginning	Amortization Period Ending
23				-			
24				-			
25				-			
26				-			
27				-			
28				-			
29				-			
30				-			
31				-			
32				-			
33	Total Hedge Amortization	-	-				
34	Hedge Gain or Loss Prior to Application of Recovery Limit (Sum of Lines 23 to 32)			-			
35	Total Average Capital Structure Balance for 2008 (True-UP TCOS, Ln 165)			-			
36	**Recoverable Hedge Amortization (Ln 34)**			**-**			

Development of Cost of Preferred Stock

	Preferred Stock			Average
37	0% Series - - Dividend Rate (p. 250-251. 8.a)			
38	0% Series - - Par Value (p. 250-251. 8.c)			
39	0% Series - - Shares O/S (p.250-251. 8.e)			
40	0% Series - - Monetary Value (Ln 38 * Ln 39)	-	-	-
41	0% Series - - Dividend Amount (Ln 37 * Ln 40)	-	-	-
42	0% Series - - Dividend Rate (p. 250-251.a)			
43	0% Series - - Par Value (p. 250-251.c)			
44	0% Series - - Shares O/S (p.250-251. e)			
45	0% Series - - Monetary Value (Ln 43 * Ln 44)	-	-	-
46	0% Series - - Dividend Amount (Ln 42 * Ln 45)	-	-	-
47	0% Series - - Dividend Rate (p. 250-251.a)			
48	0% Series - - Par Value (p. 250-251.c)			
49	0% Series - - Shares O/S (p.250-251.e)			
50	0% Series - - Monetary Value (Ln 48 * Ln 49)	-	-	-
51	0% Series - - Dividend Amount (Ln 47 * Ln 50)	-	-	-
52	**Balance of Preferred Stock (Lns 40, 45, 50)**	-	-	-
53	**Dividends on Preferred Stock (Lns 41, 46, 51)**	-	-	**-**
54	**Average Cost of Preferred Stock (Ln 53/52)**	0.00%	0.00%	**0.00%**

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 FF1 Balances
Worksheet N - Gains (Losses) on Sales of Plant Held For Future Use
AEP SOUTHWESTERN TRANSMISSION COMPANY

Note: Gain or loss on plant held for future use will be funtionalized based on the description of that asset. Sales of transmission assets will be direct assigned; sales of general assets will be functionalized on labor. Sales of plant held for furture use related to generation or distribution will not be included in the formula.

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Line	**Date**	**Property Description**	**Function (T) or (G)** T = Transmission G = General	**Basis**	**Proceeds**	**(Gain) / Loss**	**Functional Allocator**	**Functionalized Proceeds (Gain) / Loss**
1						-	0.000%	-
2						-	0.000%	-
3						-	0.000%	-
4				Net (Gain) or Loss for 2009		-		-

AEPTCo subsidiaries in SPP
Cost of Service Formula Rate Using 2009 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 PBOP expenses		$175,004,650
4	Base Year relating to retired personnel		$0
5	Amount allocated on Labor		$175,004,650
6	Labor dollars		$1,305,947,156
7	Cost per labor dollar		$0.134
8	Base PBOP TransCo labor expensed current year		0
9	Allowable TransCo PBOP Expense for current year		$0
10	Direct PBOP Expense per Actuarial Report		$0
11	Additional PBOP Ledger Entry (From Company Records)		$0
12	Medicare Expense		$0
13	PBOP Expenses From AEP Service Corporation (from Company Records)		$202
14	Actual PBOP Expense	(Sum Lines 10-13)	$202
15	PBOP Adjustment	Line 14 less Line 9	-$202