

AEP Transmission Formula Rate Template
 Utilizing FERC Form 1 Data
 For rates effective July 1, 2014

SPP Zone 1 Projected AEP Revenue Requirements

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Revenue Requirement
A. AEP Network Integration Transmission Service (NITS)					
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Line 1)	222,319,153	\$90,291,647	\$132,027,506
2	LESS: REVENUE CREDITS	(TCOS Line 5)	16,259,173	\$7,027,164	\$9,232,009
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6)	<u>\$206,059,980</u>	<u>\$83,264,483</u>	<u>\$122,795,497</u>
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			40.408%	59.592%
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7)	51,628,535	7,448,863	44,179,672
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
8	SUBTOTAL		<u>51,628,535</u>	<u>7,448,863</u>	<u>44,179,672</u>
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	<u>154,431,445</u>	<u>75,815,620</u>	<u>78,615,825</u>
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(TCOS Line 15)	-	-	-
11	EXISTING ZONAL ATRR FOR SPP OATT ATTACHMENT H, SEC. 1, COL. 3	(Ln 9 + Ln 10)	\$154,431,445	\$75,815,620	\$78,615,825
12	2013 Historic AEP West Zone 1 SPP Average 12-Mo. Peak Demand, MW	(Load WS, ln 17)	8,114	8,114	8,114
13	AEP Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) / 12	\$1,586.06	\$778.65	\$807.41
B. Point-to-Point Service					
14	Annual Point-to-Point Rate in \$/MW - Year	(Line 11 / Line 12)	\$19,032.71	\$9,343.80	\$9,688.91
15	Monthly Point-to-Point Rate in \$/MW - Month	(Line 14 / 12)	\$1,586.06	\$778.65	\$807.41
16	Weekly Point-to-Point Rate in \$/MW - Weekly	(Line 14 / 52)	\$366.01	\$179.69	\$186.33
17	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 260)	\$73.20	\$35.94	\$37.27
18	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 365)	\$52.14	\$25.60	\$26.54
19	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 4160)	\$4.58	\$2.25	\$2.33
20	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 8760)	\$2.17	\$1.07	\$1.11

AEP Transmission Formula Rate Template
Utilizing FERC Form 1 Data
For rates effective July 1, 2014

SPP SCHEDULE 1 AEP Revenue Requirements

Line No.		AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A. Schedule 1 ARR For 2014 Projected Year				
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)	\$26,074,536	\$12,955,581	\$13,118,955
2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)	\$17,793,192	\$8,980,202	\$8,812,990
3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)	\$1,901,669	\$952,546	\$949,123
4	Total 561 Internally Developed Costs (Line 1 - Line 2 - Line 3)	\$6,379,675	\$3,022,833	\$3,356,842
5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)	598,409	\$281,352	\$317,058
6	PROJECTED ZONAL ARR FOR 2014 (Line 4 - Line 5)	\$5,781,266	\$2,741,481	\$3,039,784
			47.420%	52.580%
B. Schedule 1 Projected 7/1/2014 Rate Calculations				
7	2013 Historic AEP West Zone SPP Average 12-Mo. Peak Demand (Load WS, ln 17)		8,114.00 MW	
8	Annual Point-to-Point Rate in \$/MW - Year (Line 6 / Line 7)	\$712.50		
9	Monthly Point-to-Point Rate (ln 8 / 12) \$/MW - Month (Line 8 / 12)	\$59.38		
10	Weekly Point-to-Point Rate (ln 8 / 52) \$/MW - Weekly (Line 8 / 52)	\$13.70		
11	Daily Off-Peak Point-to-Point Rate (ln 8 / 365) \$/MW - Day (Line 8 / 365)	\$1.95		
12	Hourly Off-Peak Point-to-Point Rate (ln 8 / 8760) \$/MW - Hour (Line 8 / 8760)	\$0.08		

AEP Transmission Formula Rate Template
 Calculation of True-Up Rate For Schedule 9
 For Calendar Year 2013

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

<u>Line No.</u>			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A. Network Service					
1	TRUE-UP YEAR 2013 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	199,290,072	\$79,257,497	\$120,032,575
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	16,259,173	\$7,027,164	\$9,232,009
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	<u>\$183,030,899</u>	<u>\$72,230,333</u> 39.463%	<u>\$110,800,565</u> 60.537%
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	37,817,445	6,075,934	31,741,511
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
8	SUBTOTAL		<u>37,817,445</u>	<u>6,075,934</u>	<u>31,741,511</u>
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	<u>145,213,454</u>	<u>66,154,399</u>	<u>79,059,054</u>
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-	-
11	TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2013	(Line 9 + Line 10)	145,213,454	66,154,399	79,059,054
12	2013 Historic AEP West Zone SPP Average 12-Mo. Peak Demand, MW	(Load WS, In 17)	8,114	8,114	8,114
13	Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) /12	1,491.39	679.43	811.96

AEP Transmission Formula Rate Template
Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
For Calendar Year 2013 and Projected Year 2014

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Note: Some project's final trued-up cost may not meet SPP's \$100,000 threshold for socialization. In that case a true-up of the prior 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)	
				<u>Projected ARR For 2014 From WS-F</u>			<u>True-Up ARR CY2013 From Worksheet G (includes adjustment for SPP Collections)</u>										
							<u>Base ARR</u>					<u>Incentive ARR</u>					
<u>Sheet Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR (WS-F)</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (True-Up, Billing, & Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2014</u>	
P.001	PSO	Riverside-Glenpool (81-523) Reconductor	2009	127,776	-	127,776	1,627	145,109	148,733	(3,624)	-	-	-	(59)	(2,055)	125,721	
P.002	PSO	Craig Jct. to Broken Bow Dam 138 Rebuild (7.7mi)	2009	663,970	-	663,970	14,016	759,590	778,560	(18,970)	-	-	-	(145)	(5,099)	658,871	
P.003	PSO	WFEC New 138 kV Ties: Sayre to Erick (WFEC) Line & Atoka and Tupelo station work	2009	1,754,709	-	1,754,709	27,844	1,997,946	2,047,843	(49,897)	-	-	-	(647)	(22,700)	1,732,009	
P.004	PSO	Cache-Snyder to Altus Jct. 138 kV line (w/2 ring bus stations)	2008	2,044,949	-	2,044,949	20,919	2,319,642	2,377,573	(57,931)	-	-	-	(1,086)	(38,098)	2,006,852	
P.005	PSO	Catoosa 138 kV Device (Cap. Bank)	2006	52,119	-	52,119	946	59,507	60,993	(1,486)	-	-	-	(16)	(556)	51,562	
P.006	PSO	Pryor Junction 138/69 Upgrade Transf	2008	212,052	-	212,052	3,562	241,727	247,764	(6,037)	-	-	-	(73)	(2,547)	209,504	
P.007	PSO	Elk City - Elk City 69 kV line (CT Upgrades)*	2007	11,724	-	11,724	173	13,339	13,672	(333)	-	-	-	(5)	(165) *	11,560	
P.008	PSO	Weleetka & Okmulgee Wavetrap replacement 81-805*	2006	7,554	-	7,554	213	8,696	8,913	(217)	-	-	-	(0)	(5) *	7,549	
P.009	PSO	Tulsa Southeast Upgrade (repl switches)*	2007	9,957	-	9,957	272	11,451	11,737	(286)	-	-	-	(0)	(15) *	9,942	
P.010	PSO	Wavetrap Clinton City-Foss Tap 69kV Ckt 1*	2010	13,956	-	13,956	278	15,877	16,273	(397)	-	-	-	(3)	(122)	13,834	
P.011	PSO	Bartlesville SE to Coffeyville T Rebuild	2011	206,622	-	206,622	3,823	236,124	242,021	(5,897)	-	-	-	(61)	(2,135)	204,487	
P.012	PSO	Canadian River - McAlester City 138 kV Line Conversion	2012	492,295	-	492,295	86,763	333,869	342,207	(8,338)	-	-	-	2,300	80,725	573,020	
P.013	PSO	CoffeyvilleT to Dearing 138 kv Rebuild - 1.1 mi*	2010	3,321	-	3,321	55	3,760	3,853	(94)	-	-	-	(1)	(41)	3,280	
P.014	PSO	Ashdown West - Craig Junction	2013	770,625	-	770,625	(780,865)	870,775	892,522	(21,747)	-	-	-	(23,542)	(826,154)	(55,529)	
P.015	PSO	Locust Grove to Lone Star 115 kV Rebuild 2.1 miles	2014	347,643	-	347,643	-	-	-	-	-	-	-	-	-	347,643	
P.016	PSO	Cornville Station Conversion	2014	729,591	-	729,591	-	-	-	-	-	-	-	-	-	729,591	
PSO Total				7,448,863	-	7,448,863	(620,375)	7,017,412	7,192,666	(175,254)	-	-	-	\$ (23,337)	(818,965)	\$ 6,629,898	
*<\$100K investment																	
Informational ONLY																	
SWEPCO Total				44,179,672	-	44,179,672	(1,656,820)	30,111,186	30,863,186	(752,000)	-	-	-	(121,917)	(2,530,737)	41,648,935	
AEP TOTALS				51,628,535	-	51,628,535	(2,277,195)	37,128,599	38,055,852	(927,253)	-	-	-	(145,254)	(3,349,702)	48,278,833	

AEP Transmission Formula Rate Template
Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
For Calendar Year 2013 and Projected Year 2014

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

SOUTHWESTERN ELECTRIC POWER COMPANY

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(R) = (G) + (P)	
				<u>Projected ARR For 2014 From WS-F</u>			<u>True-Up ARR CY2013 From Worksheet G (includes adjustment for SPP Collections)</u>										
							<u>Base ARR</u>					<u>Incentive ARR</u>					
<u>Sheet</u>	<u>Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (Forecast, Billing, & Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2014</u>
S.001	SWE		Arsenal Hill Auto xfmr & AH to Water Works line	2009	2,513,394	-	2,513,394	(40,106)	2,868,117	2,939,745	(71,629)	-	-	-	(5,655)	(117,390)	2,396,004
S.002	SWE		SW Shreveport (sub work & tap)	2009	1,155,182	-	1,155,182	(5,068)	1,339,457	1,372,909	(33,452)	-	-	-	(1,950)	(40,470)	1,114,712
S.003	SWE		[NW Ark Area Improve - 2009] E. Centerton-Flint Crk, E Rogers-N Rogers, Centerton	2009	1,950,942	-	1,950,942	(49,416)	2,196,024	2,250,868	(54,844)	-	-	-	(5,277)	(109,537)	1,841,405
S.004	SWE		Rebuild N. Magazine - Danville 161 kV Line	2009	1,638,078	-	1,638,078	(37,583)	1,853,187	1,899,469	(46,282)	-	-	-	(4,245)	(88,109)	1,549,969
S.005	SWE		[Greenwood, AR Area Improve] N Huntington, Greenwood, Reeves, Bonanza	2009	424,059	-	424,059	(6,809)	483,821	495,904	(12,083)	-	-	-	(956)	(19,848)	404,210
S.006	SWE		Port Robson-Caplis Line (SW 138 kV Loop -- 2009)	2009	5,381,592	-	5,381,592	267,981	5,013,475	5,138,682	(125,207)	-	-	-	7,226	150,000	5,531,592
S.007	SWE		Linwood 138 Station Switch Replacement*	2009	10,904	-	10,904	(151)	12,457	12,768	(311)	-	-	-	(23)	(485)	10,419
S.008	SWE		Dyess to S. Fayetteville 69 kV Convert to 161 kV (multi-projects)	2008	1,331,184	-	1,331,184	(10,716)	1,547,385	1,586,030	(38,645)	-	-	-	(2,498)	(51,859)	1,279,326
S.009	SWE		Northwest Texarkana-Bann-Alumax Tap 138kV -- reconductor	2008	393,743	-	393,743	(9,906)	447,971	459,158	(11,188)	-	-	-	(1,068)	(22,161)	371,582
S.010	SWE		Tontitown - Elm Springs REC 161 kV line***	2008	-	-	-	-	-	-	-	-	-	-	-	-	-
S.011	SWE		Siloam Springs - Chamber Springs 161 kV line***	2007	-	-	-	-	-	-	-	-	-	-	-	-	-
S.012	SWE		Knox Lee - Oak Hill #2 138 kV line, S. Shreveport (SWE Minor Proj II)	2007	25,727	-	25,727	(789)	29,061	29,787	(726)	-	-	-	(77)	(1,591)	24,135
S.013	SWE		Carthage REC - Carthage T 138 kV	2006	493,879	-	493,879	4,022	581,416	595,936	(14,520)	-	-	-	(531)	(11,029)	482,849
S.014	SWE		NW Henderson - Oak Hill 138 kV line*	2007	11,237	-	11,237	(179)	12,924	13,247	(323)	-	-	-	(25)	(528)	10,709
S.015	SWE		Arsenal Hill 138kV Device (Cap. Bank)	2007	49,759	-	49,759	(1,146)	56,787	58,206	(1,418)	-	-	-	(130)	(2,694)	47,065
S.016	SWE		Daingerfield - Jenkins REC 69 kV CB Repl**	2008	54,555	-	54,555	(136)	63,651	65,240	(1,590)	-	-	-	(87)	(1,813)	52,742
S.017	SWE		Linwood-McWillie 138 kV Rebuild	2008	270,238	-	270,238	(6,393)	305,482	313,111	(7,629)	-	-	-	(710)	(14,732)	255,506
S.018	SWE		Port Robson (SW 138 kV Loop -- 2008)	2009	-	-	-	-	-	-	-	-	-	-	-	-	-
S.019	SWE		Wallace Lake-Prt Robson-Red Point 138 kV Loop	2008	621,037	-	621,037	(15,337)	701,030	718,538	(17,508)	-	-	-	(1,662)	(34,506)	586,531
S.020	SWE		[NW Ark Area Improve - 2008] Elm Springs, East Rogers, Shipe Road Stations	2008	-	-	-	-	-	-	-	-	-	-	-	-	-
S.021	SWE		Reconductor 4 mi. of McNabb-Turk	2010	234,806	-	234,806	(2,728)	265,145	271,766	(6,622)	-	-	-	(473)	(9,823)	224,983
S.022	SWE		Longwood: r&r switches, upgrade bus	2010	29,653	-	29,653	(527)	33,134	33,961	(827)	-	-	-	(69)	(1,423)	28,230
S.023	SWE		Reconductor: Greggton-Lake Lamond & Quitman-Westwood 69 kV lines	2010	690,508	-	690,508	(11,792)	778,608	798,053	(19,445)	-	-	-	(1,581)	(32,818)	657,690
S.024	SWE		Rebuild/reconductor Dyess-Elm Springs REC [Dyess Station-Flint Creek]	2010	755,806	-	755,806	(12,592)	852,085	873,365	(21,280)	-	-	-	(1,714)	(35,586)	720,220
S.025	SWE		Replace switch at Diana*	2010	12,953	-	12,953	(237)	14,578	14,942	(364)	-	-	-	(30)	(632)	12,321
S.026	SWE		Whitney repl CB and Switches	2011	37,143	-	37,143	(1,114)	43,364	44,447	(1,083)	-	-	-	(111)	(2,308)	34,835
S.027	SWE		Linwood - Powell Street 138 kV	2012	64,767	-	64,767	(1,221)	35,585	36,473	(889)	-	-	-	(107)	(2,216)	62,550
S.028	SWE		Bloomburg-Texarkana Plant	2012	793,024	-	793,024	(14,325)	387,560	397,238	(9,679)	-	-	-	(1,215)	(25,218)	767,806
S.029	SWE		Knox Lee - Pirkey 138 kV / Pirkey - Whitney 138 kV - Replace Breaker, Wavetraps, and reset relays and CT's	2012	286,588	-	286,588	(6,376)	224,171	229,769	(5,598)	-	-	-	(606)	(12,580)	274,008
S.030	SWE		NW Texarkana - Turk 345	2012	7,171,111	-	7,171,111	(99,995)	4,216,899	4,322,212	(105,313)	-	-	-	(10,391)	(215,700)	6,955,411
S.031	SWE		Lone Star South - Pittsburg 138 kV - Replace Wavetraps, reset CT's and Relays	2012	34,686	-	34,686	(584)	12,340	12,648	(308)	-	-	-	(45)	(938)	33,748
S.032	SWE		Howell-Kilgore 69 kV rebuild	2012	626,653	-	626,653	(20,019)	414,050	424,391	(10,341)	-	-	-	(1,537)	(31,896)	594,757
S.033	SWE		Flint Creek-Shipe Road 345 kV Line	2012	8,587,440	-	8,587,440	(590,712)	2,109,152	2,161,826	(52,674)	-	-	-	(32,564)	(675,950)	7,911,490
S.034	SWE		Bann - LS Ordnance - Hooks 69 kV - Rebuild 7.1 mi	2013	1,267,134	-	1,267,134	(551,772)	1,228,498	1,259,178	(30,681)	-	-	-	(29,479)	(611,932)	655,202
S.035	SWE		Diana - Replace North Autotransformer #3	2013	595,383	-	595,383	(227,969)	570,105	584,343	(14,238)	-	-	-	(12,259)	(254,465)	340,917
S.036	SWE		Osburn 161 kV Line Work	2013	296,328	-	296,328	(26,291)	259,908	266,399	(6,491)	-	-	-	(1,659)	(34,441)	261,887

AEP Transmission Formula Rate Template
 Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
 For Calendar Year 2013 and Projected Year 2014

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

SOUTHWESTERN ELECTRIC POWER COMPANY

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(R) = (G) + (P)
			<u>Projected ARR For 2014 From WS-F</u>			<u>True-Up ARR CY2013 From Worksheet G (includes adjustment for SPP Collections)</u>										
						<u>Base ARR</u>				<u>Incentive ARR</u>						
<u>Sheet Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (Forecast, Billing, & Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2014</u>
S.037	SWE	SW Shreveport to Spring Ridge REC 138 kV Line Rebuild	2013	715,207	-	715,207	(291,292)	688,813	706,016	(17,202)	-	-	-	(15,614)	(324,109) *	391,098
S.038	SWE	Eastex Switching Station - Whitney 138 kV Station - Rebuild 2.5 miles of 138 Kv	2013	466,877	-	466,877	(257,356)	464,947	476,559	(11,612)	-	-	-	(13,613)	(282,581) *	184,296
S.039	SWE	Ashdown West - Craig Junction 138KV Rebuild (tie w/PSO)	2013	659,638	-	659,638	371,813	-	-	-	-	-	-	18,818	390,631 *	1,050,269
S.040	SWE	Rock Hill to Carthage 69 kV Rebuild 11.4 Miles	2014	1,419,562	-	1,419,562	-	-	-	-	-	-	-	-	- *	1,419,562
S.041	SWE	Broadmoor to Fern Street 69 kV Rebuild 1 mile	2014	518,947	-	518,947	-	-	-	-	-	-	-	-	- *	518,947
S.042	SWE	Northwest Henderson to Poynter 69 kV Rebuild 3.2 miles	2014	656,346	-	656,346	-	-	-	-	-	-	-	-	- *	656,346
S.043	SWE	Diana to Perdue 138 kV Rebuild 21.8 miles; Station Upgrades at Diana and Perdue	2014	1,933,605	-	1,933,605	-	-	-	-	-	-	-	-	- *	1,933,605
SWEPCO Total				44,179,672	-	44,179,672	(1,656,820)	30,111,186	30,863,186	(752,000)	-	-	-	(121,917)	(2,530,737)	\$ 41,648,935
*-<\$100K investment, **Al xfer, ***Non-BPU (to be removed from list in future).																
Informational ONLY																
				7,448,863	-	7,448,863	(620,375)	7,017,412	7,192,666	(175,254)	-	-	-	(23,337)	(818,965)	6,629,898
PSO Total				8,868,425	-	8,868,425	(620,375)	7,017,412	7,192,666	(175,254)	-	-	-	(23,337)	(818,965)	8,049,459
AEP TOTALS																

AEP West (SPP Zone-1)
Network Load for January Through December, 2013
Based on West Zone-SPP Monthly Transmission System Firm Peak Demands [1] for the Twelve Months Ended December 31, 2013

Historical Combined Load Worksheet (SPP Zone - 1)

Line No.	Peak Day Peak Hour	1/15/2013	2/20/2013	3/26/2013	4/29/2013	5/31/2013	6/27/2013	7/10/2013	8/6/2013	9/4/2013	10/3/2013	11/27/2013	12/10/2013	12 Month Average MW	LRS
SPP Load Responsibility		1900	1900	800	1700	1700	1600	1700	1700	1700	1700	800	800		
1	PSO (2)	2,531	2,490	2,551	2,520	3,059	4,031	3,985	3,987	3,601	3,178	2,437	2,759	3,094.1	38.1%
2	SWEPCO (2)	2,962	2,591	2,695	2,580	3,133	3,681	3,634	3,726	3,616	2,987	2,752	3,001	3,113.2	38.4%
3	AECC (3)	633	615	632	415	570	742	815	763	693	568	615	663	643.7	7.9%
4	WFEC (3)	32	33	31	26	30	33	33	34	31	28	31	30	31.0	0.38%
5	OMPA (3)	85	82	77	89	128	158	155	160	142	118	76	92	113.5	1.4%
6	OG&E (3)	19	21	18	21	22	14	18	21	20	24	23	20	20.1	0.25%
7	NTEC (3)	707	563	655	410	554	641	658	686	633	496	663	741	617.3	7.6%
8	ETEC (3)	91	64	78	51	71	84	88	90	80	65	88	98	79.0	1.0%
9	TEXLA (3)	109	74	96	68	89	106	109	115	93	83	102	105	95.8	1.2%
10	Greenbelt (3)	7	4	5	8	8	13	14	14	12	7	6	8	8.8	0.11%
11	Lighthouse (3)	2	1	1	2	2	2	3	3	3	1	2	2	2.0	0.02%
12	Bentonville, AR (3)	90	87	93	88	103	146	150	135	125	112	87	90	108.8	1.3%
13	Prescott, AR (Entergy) (3)	13	11	11	13	11	16	16	18	12	12	7	11	12.6	0.16%
14	Minden, LA (Entergy) (3)	24	21	19	24	31	37	37	33	39	30	21	23	28.3	0.35%
15	Hope, AR (3)	43	41	42	42	47	59	60	59	50	48	35	37	46.9	0.58%
16	Coffeyville, KS (3)	94	93	96	94	106	99	82	115	78	113	107	110	98.9	1.2%
17 Zone 1 - System Firm Peak Demands		7,442	6,791	7,100	6,451	7,964	9,862	9,857	9,959	9,228	7,870	7,052	7,790	8,114	
Supporting Data															
18	PSO: PSO Native Load (2)	2,493	2,456	2,517	2,498	3,028	3,987	3,934	3,944	3,562	3,147	2,401	2,718		
19	KAMO	31	28	30	21	29	45	45	41	36	31	30	33		
20	GRDA load on PSO	11	10	11	5	7	12	12	11	10	8	11	13		
21	Allen Holdenville	-4	-4	-7	-4	-5	-13	-6	-9	-7	-8	-5	-5		
22	PSO Load Responsibility	2531	2490	2551	2520	3059	4031	3985	3987	3601	3178	2437	2759		
23	SWEPCO: SWEPCO Native Load (2) (5)	3,102	2,678	2,809	2,650	3,233	3,799	3,762	3,856	3,737	3,072	2,878	3,128		
24	Lafayette	6	6	6	6	6	6	6	6	0	0	0	0		
25	Dolet Hills Aux. Load (4)	0	0	0	2	0	0	0	0	0	8	2	2		
26	VEMCO (on Entergy/CLECO)	-156	-103	-130	-88	-116	-134	-144	-146	-131	-103	-138	-139		
27	VEMCO (SPA Hydro Replacement) (6)	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
28	SWEPCO Load Responsibility	2962	2591	2695	2580	3133	3681	3634	3726	3616	2987	2752	3001		

Notes:

- (1) MW, at the time of the AEP-SPP Internal (MLR) Peak
- (2) At the generator, includes transmission losses.
- (3) At the generator. Transmission losses added to metered values which include appropriate dist.& xfmr losses.
- (4) Not self-generated
- (5) VEMCO and its resources purchased by SWEPCO Oct. 1, 2010. VEMCO load included in SWEPCO Native starting Oct 1, 2010.
- (6) SPP export from SWEPCO's SPP fleet to VEMCO (CLECO) commenced May 2011 - Replacement of terminated SPA Hydro resource.

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 120)				\$90,291,647
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,826,743	DA	1.00000	\$ 5,826,743
4	Assoc. Business Development	(Worksheet H)	1,200,420	DA	1.00000	\$ 1,200,420
5	Total Revenue Credits		7,027,164			\$ 7,027,164
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				\$83,264,483
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.						
7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		7,448,863	DA	1.00000	\$ 7,448,863
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / (Sum of lns 46, 47, 48, 49, 51)) x 100%				16.09%
10	Monthly Rate	(ln 9 / 12)				1.34%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				13.77%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 95 - ln 117 - ln 118) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				4.64%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
Line No.	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	1,375,185,772	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(13,330,557)	NA	0.00000
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	731,312,125	DA	
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.93559
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		104,019,591	DA	1.00000
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.93559
22	Distribution	(Worksheet A In 5.C)	1,985,850,803	NA	0.00000
23	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000
24	General Plant	(Worksheet A In 7.C)	145,791,181	W/S	0.07406
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(553,653)	W/S	0.07406
26	Intangible Plant	(Worksheet A In 9.C)	41,521,572	W/S	0.07406
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	4,369,796,834		
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	731,193,117	NA	0.00000
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,136,299)	NA	0.00000
31	Transmission	(Worksheet A In 14.C & 28.C)	223,157,173	TP1=	0.92396
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.92396
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,326,133	DA	1.00000
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
35	Plus: Additional Transmission Depreciation for 2014 (In 95)		13,945,554	TP1	0.92396
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		12,196,771	W/S	0.07406
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
38	Distribution	(Worksheet A In 16.C)	522,665,692	NA	0.00000
39	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA	0.00000
40	General Plant	(Worksheet A In 18.C)	81,561,223	W/S	0.07406
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(344,058)	W/S	0.07406
42	Intangible Plant	(Worksheet A In 20.C)	26,922,494	W/S	0.07406
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	1,609,487,800		
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	633,798,397		
46	Transmission	(In 18 + In 19 - In 31 - In 32)	508,154,952		
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		102,693,458		
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		
49	Plus: Additional Transmission Depreciation for 2014 (-In 35)		(13,945,554)		
50	Plus: Additional General & Intangible Depreciation for 2014 (-In 36)		(12,196,771)		
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		
52	Distribution	(In 22 + In 23 - In 38 - In 39)	1,463,185,111		
53	General Plant	(In 24 + In 25 - In 40 - In 41)	64,020,363		
54	Intangible Plant	(In 26 - In 42)	14,599,078		
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	2,760,309,034		
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	
58	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(719,635,118)	DA	
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & In 12.J)	(199,488,422)	DA	
60	Account No. 190.1	(Worksheet C, In 19.C & In 21.J)	91,352,613	DA	
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & In 30.J)	(143,269)	DA	
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(827,914,196)		
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	181,474	DA	
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	1,558,372		
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	452,952	TP	0.93559
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	237,917	W/S	0.07406
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.16203
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	100,543,343	W/S	0.07406
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	2,783,342	GP(h)	0.16203
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(97,530,358)	NA	0.00000
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	8,045,569		
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(3,017,180)	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		1,937,604,700		

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
76	OPERATION & MAINTENANCE EXPENSE				
76	Transmission	321.112.b	76,920,782		
77	Less: Total Account 561	(Note I) 321.84-92.b	12,955,581		
78	Less: Account 565	(Note J) 321.96.b	51,498,223		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	12,466,978	TP 0.93559	11,663,985
81	Administrative and General	323.197.b (Note K)	51,845,687		
82	Less: Acct. 924, Property Insurance	323.185.b	2,091,732		
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,818,775		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	246,991		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,368,499		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	45,319,690	W/S 0.07406	3,356,398
87	Plus: Acct. 924, Property Insurance	(In 82)	2,091,732	GP(h) 0.16203	338,934
88	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	89,647	TP 0.93559	83,873
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34.(E) (Note L)	-	TP 0.93559	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43.(E) (Note L)	787,278	DA 1.00000	787,278
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(7,729,419)	W/S 0.07406	(572,444)
92	A & G Subtotal	(sum Ins 86 to 90 less In 91)	56,017,766		5,138,927
93	TOTAL O & M EXPENSE	(In 80 + In 92)	68,484,744		16,802,912
94	DEPRECIATION AND AMORTIZATION EXPENSE				
95	Transmission	336.7.f	13,945,554	TP 0.93559	13,047,326
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,326,133	DA 1.00000	1,326,133
97	General	336.10.f	4,502,212	W/S 0.07406	333,436
98	Intangible	336.1.f	7,694,559	W/S 0.07406	569,863
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	27,468,458		15,276,758
100	TAXES OTHER THAN INCOME	(Note N)			
101	Labor Related				
102	Payroll	Worksheet L, Col. D	4,887,042	W/S 0.07406	361,937
103	Plant Related				
104	Property	Worksheet L, Col. C	40,142,347	GP(h) 0.16203	6,504,461
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,681	NA 0.00000	-
106	Other	Worksheet L, Col. E	181,296	GP(h) 0.16203	29,376
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	45,215,366		6,895,774
108	INCOME TAXES	(Note O)			
109	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.56%		
110	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		41.52%		
111	where WCLTD=(In 147) and WACC = (In 150)				
112	and FIT, SIT & p are as given in Note O.				
113	$GRCF=1 / (1 - T) =$ (from In 109)		1.6276		
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	4,408,357		
115	Income Tax Calculation	(In 110 * In 118)	65,756,167		14,644,029
116	ITC adjustment	(In 113 * In 114)	7,175,127	NP(h) 0.17777	1,275,508
117	TOTAL INCOME TAXES	(sum Ins 115 to 116)	72,931,294		15,919,537
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	158,355,868		35,266,167
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		130,500	DA 1.00000	130,500
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		372,586,231		90,291,647
121	(sum Ins 93, 99, 107, 117, 118, 119)				
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		372,586,231		90,291,647

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

PUBLIC SERVICE COMPANY OF OKLAHOMA

SUPPORTING CALCULATIONS

In											
<u>No.</u>	TRANSMISSION PLANT INCLUDED IN SPP TARIFF										
124	Total transmission plant	(In 18, 19, 20, 21)								835,331,716	
125	Less transmission plant excluded from SPP Tariff (Note Q)									35,920,833	
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)									17,882,566	
127	Transmission plant included in SPP Tariff	(In 124 - In 125 - In 126)								<u>781,528,317</u>	
128	Percent of transmission plant in SPP Tariff	(In 127 / In 124)							TP=	0.93559	
129	WAGES & SALARY ALLOCATOR (W/S)	(Note S)									
130	Production	354.20.b	Direct Payroll	25,039,575	Payroll Billed from AEP Service Corp.	8,584,173	Total	33,623,748	NA	0.00000	-
131	Transmission	354.21.b		2,733,855		2,935,496		5,669,351	TP	0.93559	5,304,190
132	Regional Market Expenses	354.22.b		0		0		-	NA	0.00000	-
133	Distribution	354.23.b		18,061,128		1,574,756		19,635,884	NA	0.00000	-
134	Other (Excludes A&G)	354.24,25,26.b		7,491,260		5,199,469		12,690,729	NA	0.00000	-
135	Total	(sum Ins 130 to 134)		<u>53,325,818</u>		<u>18,293,894</u>		<u>71,619,712</u>			5,304,190
136	Transmission related amount								W/S=	0.07406	
137	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$	
138			Long Term Interest (Worksheet M, In. 17, col. (D))								<u>53,636,039</u>
139			Preferred Stock Dividends (Worksheet M, In. 21, col. (D))								-
140	Development of Common Stock:										
141			Proprietary Capital (112.16.c)								<u>942,100,536</u>
142			Less Preferred Stock (In 148)								-
143			Less Account 216.1 (112.12.c)								-
144			Less Account 219.1 (112.15.c)								<u>5,757,380</u>
145			Common Stock (In 141 - In 142 - In 143 - In 144)								<u>936,343,156</u>
146				\$	Capital Structure Percentages			Cost			
147	Long Term Debt (Worksheet M, In. 17, col. (B))			<u>1,003,104,301</u>	<u>Actual</u>	<u>Cap Limit</u>		(Note T)		<u>Weighted</u>	
148	Preferred Stock (Worksheet M, In. 21, col. (B))			-	51.72%	0.00%		0.0535		0.0277	
149	Common Stock (In 145) (Note U)			<u>936,343,156</u>	0.00%	0.00%		-		0.0000	
150	Total (sum Ins 147 to 149)			<u>1,939,447,457</u>	48.28%	0.00%		11.2%		<u>0.0541</u>	
								WACC=		0.0817	
151	Capital Structure Equity Limit (Note U)			52.5%							

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.#

b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 109) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 5.48% (State Income Tax Rate or Composite SIT. Worksheet K)) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 138) / long term debt (In 147). Preferred Stock cost rate = preferred dividends (In 139) / preferred outstanding (In 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator		Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(In 271)				\$78,371,521
153	REVENUE CREDITS	(Note A)				
154	Transmission Credits	(Worksheet H)	5,826,743	DA	1.00000	\$ 5,826,743
155	Assoc. Business Development	(Worksheet H)	1,200,420	DA	1.00000	\$ 1,200,420
156	Total Revenue Credits		7,027,164			\$ 7,027,164
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)				\$ 71,344,357

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

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		7,448,863	DA	1.00000	\$ 7,448,863
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
160	Annual Rate	(In 152/ In 197 x 100%)				16.63%
161	Monthly Rate	(In 160 / 12)				1.39%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives) (Note B)					
163	Annual Rate	((In 152 - In 246) / In 197 x 100%)				13.89%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)					
165	Annual Rate	((In 152 - In 246 - In 268 - In 269) / In 197 x 100%)				5.21%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
Line No.	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
167	GROSS PLANT IN SERVICE				
167	Production	(Worksheet A In 1.C)	1,375,185,772	NA 0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(13,330,557)	NA 0.00000	-
169	Transmission	(Worksheet A In 3.C & Ln 278)	731,312,125	DA	677,508,726
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.92643	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	1,985,850,803	NA 0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
175	General Plant	(Worksheet A In 7.C)	145,791,181	W/S 0.07334	10,691,636
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(553,653)	W/S 0.07334	(40,602)
177	Intangible Plant	(Worksheet A In 9.C)	41,521,572	W/S 0.07334	3,044,996
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	4,265,777,243	GP(h)= 0.162035 GTD= 0.26915	691,204,755
179	ACCUMULATED DEPRECIATION AND AMORTIZATION				
180	Production	(Worksheet A In 12.C)	731,193,117	NA 0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,136,299)	NA 0.00000	-
182	Transmission	(Worksheet A In 14.C & 28.C)	223,157,173.000	TP1= 0.92396	206,188,104.094
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.92396	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2014 (In 246)		N/A	TP1 0.92396	N/A
187	Plus: Additional General & Intangible Depreciation for 2014 (In 248+In 249)		N/A	W/S 0.07334	N/A
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
189	Distribution	(Worksheet A In 16.C)	522,665,692	NA 0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
191	General Plant	(Worksheet A In 18.C)	81,561,223	W/S 0.07334	5,981,314
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(344,058)	W/S 0.07334	(25,232)
193	Intangible Plant	(Worksheet A In 20.C)	26,922,494	W/S 0.07334	1,974,368
194	TOTAL ACCUMULATED DEPRECIATION	(sum lns 180 to 193)	1,582,019,342		214,118,555
195	NET PLANT IN SERVICE				
196	Production	(In 167 + In 168 - In 180 - In 181)	633,798,397		-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	508,154,952		471,320,621.906
198	Plus: Transmission Plant-in-Service Additions (In 171 - In 184)		N/A		N/A
199	Plus: Additional Trans Plant on Transferred Assets (In 172 - In 185)		N/A		N/A
200	Plus: Additional Transmission Depreciation for 2014 (-In 186)		N/A		N/A
201	Plus: Additional General & Intangible Depreciation for 2014 (-In 187)		N/A		N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 188)		N/A		N/A
203	Distribution	(In 173 + In 174 - In 189 - In 190)	1,463,185,111		-
204	General Plant	(In 175 + In 176 - In 191 - In 192)	64,020,363		4,694,951
205	Intangible Plant	(In 177 - In 193)	14,599,078		1,070,627
206	TOTAL NET PLANT IN SERVICE	(sum lns 196 to 205)	2,683,757,901	NP(h)= 0.177768	477,086,200
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
209	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(719,635,118)	DA	(119,712,262)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(199,488,422)	DA	(29,402,647)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	91,352,613	DA	7,818,788
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	(143,269)	DA	(23,215)
213	TOTAL ADJUSTMENTS	(sum lns 208 to 212)	(827,914,196)		(141,319,334)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	181,474	DA	-
215	WORKING CAPITAL	(Note F)			
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,558,372		1,443,721
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	452,952	TP 0.92643	419,628
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	237,917	W/S 0.07334	17,448
219	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.16203	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	100,543,343	W/S 0.07334	7,373,373
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	2,783,342	GP(h) 0.16203	450,999
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(97,530,358)	NA 0.00000	-
224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	8,045,569		9,705,168
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(3,017,180)	DA 1.00000	(3,017,180)
226	RATE BASE (sum lns 206, 213, 214, 224, 225)		1,861,053,567		342,454,854

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
227	OPERATION & MAINTENANCE EXPENSE				
227	Transmission	321.112.b	76,920,782		
228	Less: Total Account 561	(Note I) 321.84-92.b	12,955,581		
229	Less: Account 565	(Note J) 321.96.b	51,498,223		
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		-		
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	12,466,978	TP 0.92643	11,549,769
232	Administrative and General	323.197.b (Note K)	51,845,687		
233	Less: Acct. 924, Property Insurance	323.185.b	2,091,732		
234	Acct. 928, Reg. Com. Exp.	323.189.b	1,818,775		
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	246,991		
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,368,499		
237	Balance of A & G	(In 232 - sum In 233 to In 236)	45,319,690	W/S 0.07334	3,323,532
238	Plus: Acct. 924, Property Insurance	(In 233)	2,091,732	GP(h) 0.16203	338,934
239	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	89,647	TP 0.92643	83,052
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34.(E) (Note L)	-	TP 0.92643	-
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43.(E) (Note L)	787,278	DA 1.00000	787,278
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(7,729,419)	W/S 0.07334	(566,839)
243	A & G Subtotal	(sum Ins 237 to 241 less In 242)	56,017,766		5,099,634
244	TOTAL O & M EXPENSE	(In 231 + In 243)	68,484,744		16,649,403
245	DEPRECIATION AND AMORTIZATION EXPENSE				
246	Transmission	336.7.f	13,945,554	TP 0.92643	12,919,565
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
248	General	336.10.f	4,502,212	W/S 0.07334	330,171
249	Intangible	336.1.f	7,694,559	W/S 0.07334	564,283
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	26,142,325		13,814,018
251	TAXES OTHER THAN INCOME	(Note N)			
252	Labor Related				
253	Payroll	Worksheet L, Col. D	4,887,042	W/S 0.07334	358,393
254	Plant Related				
255	Property	Worksheet L, Col. C	40,142,347	GP(h) 0.16203	6,504,461
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,681	NA 0.00000	-
257	Other	Worksheet L, Col. E	181,296	GP(h) 0.16203	29,376
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	45,215,366		6,892,230
259	INCOME TAXES	(Note O)			
260	$T=1 - \{(1 - \text{SIT}) * (1 - \text{FIT}) / (1 - \text{SIT} * \text{FIT} * p)\} =$		38.56%		
261	$\text{EIT}=(T/(1-T)) * (1-(\text{WCLTD}/\text{WACC})) =$		41.52%		
262	where WCLTD=(In 298) and WACC = (In 301)				
263	and FIT, SIT & p are as given in Note O.				
264	$\text{GRCF}=1 / (1 - T) =$ (from In 260)		1.6276		
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	4,408,357		
266	Income Tax Calculation	(In 261 * In 269)	63,158,264		11,621,833
267	ITC adjustment	(In 264 * In 265)	7,175,127	NP(h) 0.17777	1,275,508
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	70,333,391		12,897,341
269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	152,099,524		27,988,029
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		130,500	DA 1.00000	130,500
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		362,405,851		78,371,521
272	(sum Ins 244, 250, 258, 268, 269, 270)				
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		362,405,851		78,371,521

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						731,312,125
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)							35,920,833
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							17,882,566
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						<u>677,508,726</u>
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					TP=	0.92643
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)						
281	Production	354.20.b	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
282	Transmission	354.21.b	25,039,575	8,584,173	33,623,748	NA	0.00000	-
283	Regional Market Expenses	354.22.b	2,733,855	2,935,496	5,669,351	TP	0.92643	5,252,251
284	Distribution	354.23.b	0	0	-	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	18,061,128	1,574,756	19,635,884	NA	0.00000	-
286	Total	(sum Ins 281 to 285)	7,491,260	5,199,469	12,690,729	NA	0.00000	-
287	Transmission related amount		53,325,818	18,293,894	71,619,712			<u>5,252,251</u>
							W/S=	0.07334
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289			Long Term Interest (Worksheet M, In. 17, col. (D))					53,636,039
290			Preferred Stock Dividends (Worksheet M, In. 21, col. (D))					-
291	Development of Common Stock:							
292			Proprietary Capital (112.16.c)					942,100,536
293			Less Preferred Stock (In 299)					-
294			Less Account 216.1 (112.12.c)					-
295			Less Account 219.1 (112.15.c)					5,757,380
296			Common Stock (In 292 - In 293 - In 294 - In 295)					<u>936,343,156</u>
297								
298	Long Term Debt (Worksheet M, In. 17, col. (B))		\$					
299	Preferred Stock (Worksheet M, In. 21, col. (B))		1,003,104,301	Actual	Cap Limit		Cost (Note T)	Weighted
300	Common Stock (In 296) (Note U)		-	51.72%	0.00%		0.0535	0.0277
301	Total (sum Ins 298 to 300)		936,343,156	0.00%	0.00%		-	0.0000
			<u>1,939,447,457</u>	48.28%	0.00%		11.2%	0.0541
							WACC=	0.0817
302	Capital Structure Equity Limit (Note U)		52.5%					

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.#

b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 260) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT = | 5.48% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 289) / long term debt (In 298). Preferred Stock cost rate = preferred dividends (In 290) / preferred outstanding (In 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				\$79,257,497
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,826,743	DA	1.00000	\$ 5,826,743
4	Assoc. Business Development	(Worksheet H)	1,200,420	DA	1.00000	\$ 1,200,420
5	Total Revenue Credits		7,027,164			\$ 7,027,164
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				\$72,230,333
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.						
7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		6,075,934	DA	1.00000	\$ 6,075,934
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100%)				17.19%
10	Monthly Rate	(ln 9 / 12)				1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100%)				14.39%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100%)				5.33%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
		Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	RATE BASE CALCULATION				
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	1,359,045,651	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(13,330,557)	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	719,114,617	DA	665,314,022
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.92518
20	Distribution	(Worksheet A In 5.E)	1,922,612,955	NA	0.00000
21	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	-	NA	0.00000
22	General Plant	(Worksheet A In 7.E)	145,926,996	W/S	0.07324
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(555,964)	W/S	0.07324
24	Intangible Plant	(Worksheet A In 9.E)	40,863,092	W/S	0.07324
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	4,173,676,790	GP(TU)=	0.16268
				GTD=	0.27221
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	724,327,389	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(2,844,949)	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	220,899,635	TP1=	0.92495
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.92495
31	Distribution	(Worksheet A In 16.E)	514,481,337	NA	0.00000
32	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA	0.00000
33	General Plant	(Worksheet A In 18.E)	80,801,899	W/S	0.07324
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(332,197)	W/S	0.07324
35	Intangible Plant	(Worksheet A In 20.E)	26,817,164	W/S	0.07324
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	1,564,150,276		212,177,428
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	624,232,654		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	498,214,983		460,993,941
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,408,131,618		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	64,901,331		4,753,166
42	Intangible Plant	(In 24 - In 35)	14,045,929		1,028,679
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	2,609,526,513	NP(TU)=	0.17887
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	(688,305,755)	DA	(117,740,789)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(179,659,900)	DA	(16,717,657)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	89,923,403	DA	7,621,135
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	(163,072)	DA	(26,528)
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(778,205,323)		(126,863,838)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	181,474	DA	-
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,558,372		1,441,783
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	436,349	TP	0.92518
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	281,417	W/S	0.07324
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.16268
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	105,979,477	W/S	0.07324
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	2,844,098	GP(TU)	0.16268
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(102,381,818)	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	8,717,896		10,090,357
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(3,314,934)	DA	1.00000
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		1,836,905,626		346,687,370

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
64	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	76,920,782		
65	Less: Total Account 561	(Note I) 321.84-92.b	12,955,581		
66	Less: Account 565	(Note J) 321.96.b	51,498,223		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	12,466,978	TP	0.92518
69	Administrative and General	323.197.b (Note K)	51,845,687		
70	Less: Acct. 924, Property Insurance	323.185.b	2,091,732		
71	Acct. 928, Reg. Com. Exp.	323.189.b	1,818,775		
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	246,991		
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,368,499		
74	Balance of A & G	(In 69 - sum In 70 to In 73)	45,319,690	W/S	0.07324
75	Plus: Acct. 924, Property Insurance	(In 70)	2,091,732	GP(TU)	0.16268
76	Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	89,647	TP	0.92518
77	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	-	GP(TU)	0.16268
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43.(E) (Note L)	787,278	DA	1.00000
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(7,729,419)	W/S	0.07324
80	A & G Subtotal	(sum Ins 74 to 78 less In 79)	56,017,766		
81	TOTAL O & M EXPENSE	(In 68 + In 80)	68,484,744		
82	DEPRECIATION AND AMORTIZATION EXPENSE				
83	Transmission	336.7.f	13,945,554	TP	0.92518
84	General	336.10.f	4,502,212	W/S	0.07324
85	Intangible	336.1.f	7,694,559	W/S	0.07324
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	26,142,325		
87	TAXES OTHER THAN INCOME	(Note N)			
88	Labor Related				
89	Payroll	Worksheet L, Col. D	4,887,042	W/S	0.07324
90	Plant Related				
91	Property	Worksheet L, Col. C	40,142,347	GP(TU)	0.16268
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,681	NA	0.00000
93	Other	Worksheet L, Col. E	181,296	GP(TU)	0.16268
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	45,215,366		
95	INCOME TAXES	(Note O)			
96	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.56%		
97	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		41.27%		
98	where WCLTD=(In 134) and WACC = (In 137)				
99	and FIT, SIT & p are as given in Note O.				
100	$GRCF=1 / (1 - T) =$ (from In 96)		1.6276		
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	4,408,357		
102	Income Tax Calculation	(In 97 * In 105)	62,685,626		
103	ITC adjustment	(In 100 * In 101)	7,175,127	NP(TU)	0.17887
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	69,860,753		
105	RETURN ON RATE BASE (Rate Base*WACC)	(In 63 * In 137)	151,904,904		
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		130,500	DA	1.00000
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		361,738,592		
108	(sum Ins 81, 86, 94, 104, 105, 106)				
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		361,738,592		

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.#

b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the true-up revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 96) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 5.48% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (ln 125) / long term debt (ln 134). Preferred Stock cost rate = preferred dividends (ln 126) / preferred outstanding (ln 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
2014 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Line Number</u>	<u>(A) Rate Base Item & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2013</u>	<u>(D) Balances 12/31/2012</u>	<u>(E) Average Balance for 2013</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	1,375,185,772	1,342,905,530	1,359,045,651
2	Production Asset Retirement Obligation (ARO)	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	13,330,557	13,330,557	13,330,557
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	731,312,125	706,917,109	719,114,617
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	1,985,850,803	1,859,375,106	1,922,612,955
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	145,791,181	146,062,810	145,926,996
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	553,653	558,274	555,964
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	41,521,572	40,204,612	40,863,092
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	4,279,661,453	4,095,465,167	4,187,563,310
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	13,884,210	13,888,831	13,886,521
Accumulated Depreciation & Amortization Balances					
12	Production Accumulated Depreciation	FF1, page 219, lns 20-24, Col. (b)	731,193,117	717,461,660	724,327,389
13	Production ARO Accumulated Depreciation	Company Records	3,136,299	2,553,598	2,844,949
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	223,157,173	218,642,096	220,899,635
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, ln 26, Col. (b)	522,665,692	506,296,982	514,481,337
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)	81,561,223	80,042,574	80,801,899
19	General ARO Accumulated Depreciation	Company Records	344,058	320,337	332,197
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)	26,922,494	26,711,833	26,817,164
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	1,585,499,699	1,549,155,145	1,567,327,422
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	3,480,357	2,873,935	3,177,146
Generation Step-Up Units					
23	GSU Investment Amount	Company Records	17,882,566	17,876,958	17,879,762
24	GSU Accumulated Depreciation	Company Records	3,367,495	3,285,064	3,326,279
25	GSU Net Balance	(Line 23 - Line 24)	14,515,071	14,591,894	14,553,482
Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)					
23a	Excluded Facilities Investment Amount	Company Records	35,920,833	35,920,833	35,920,833
24a	Excluded Facilities Accumulated Depreciation	Company Records	13,601,574	12,904,973	13,253,273
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	22,319,259	23,015,860	22,667,560
Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	223,157,173	218,642,096	220,899,635
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	16,969,069	16,190,037	16,579,553
28	Subtotal of Transmission Accumulated Depreciation Net of GSU/Excluded Facilities	(Line 26 - Line 27)	206,188,104	202,452,059	204,320,082
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	181,474	181,474	181,474
30	Transmission Plant Held For Future	Company Records	-	-	-

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
PUBLIC SERVICE COMPANY OF OKLAHOMA

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2013) (P.206, In 58,(b)):	706,917,109
2	Transmission Plant @ End of Historic Period (2013) (P.207, In 58,(g)):	731,312,125
3		<u>1,438,229,234</u>
4	Average Balance of Transmission Investment	719,114,617
5	Annual Depreciation Expense, Historic TCOS, In 246	13,945,554
6	Composite Depreciation Rate	1.94%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 3,533,272	2.00%	\$ 70,665	\$ 5,889	11 \$	64,779
10	February	\$ 4,249,685	2.00%	\$ 84,994	\$ 7,083	10 \$	70,830
11	March	\$ 2,916,285	2.00%	\$ 58,326	\$ 4,860	9 \$	43,740
12	April	\$ 60,784,698	2.00%	\$ 1,215,694	\$ 101,308	8 \$	810,464
13	May	\$ 3,187,957	2.00%	\$ 63,759	\$ 5,313	7 \$	37,191
14	June	\$ 23,381,244	2.00%	\$ 467,625	\$ 38,969	6 \$	233,814
15	July	\$ 2,768,420	2.00%	\$ 55,368	\$ 4,614	5 \$	23,070
16	August	\$ 2,716,954	2.00%	\$ 54,339	\$ 4,528	4 \$	18,112
17	September	\$ 990,682	2.00%	\$ 19,814	\$ 1,651	3 \$	4,953
18	October	\$ 4,404,098	2.00%	\$ 88,082	\$ 7,340	2 \$	14,680
19	November	\$ 2,700,226	2.00%	\$ 54,005	\$ 4,500	1 \$	4,500
20	December	\$ (7,613,929)	2.00%	\$ (152,279)	\$ (12,690)	0 \$	-
21	Investment	<u>\$ 104,019,591</u>				Depreciation Expense	<u>\$ 1,326,133</u>

III. Plant Transferred

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

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Rate base (E)+(F)+(G)+(H)
Account 282 - Form-1 page 274-275, Ln 2 Col. (k)									
282 Balance to Use in Projection									
1	282.1	2013 Year End Tax Deferrals - WS C-1	(719,635,118)	20,895,227	-	(737,379,340)	-	(3,151,004)	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.2035%	26.9145%	7.3335%	
3	282.1	Allocated Total		0	0	(119,481,182)	0	(231,080)	(119,712,262)
282 Balance to Use in True-Up									
4	282.1	2013 Year End Tax Deferrals - WS C-1	(719,635,118)	20,895,227	-	(737,379,340)	-	(3,151,004)	
5	282.1	2012 Year End Tax Deferrals - WS C-2	(656,976,392)	53,361,930	-	(707,467,278)	-	(2,871,043)	
6		Subtotal	(1,376,611,509)	74,257,157	-	(1,444,846,618)	-	(6,022,048)	
7		Average Balance	(688,305,755)	37,128,578	0	(722,423,309)	0	(3,011,024)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.2675%	27.2214%	7.3237%	
9		Allocated Total		0	0	(117,520,271)	0	(220,518)	(117,740,789)
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2013 Year End Tax Deferrals - WS C-1	(199,488,422)	(4,330,576)	-	(159,343,710)	(4,887,215)	(30,926,922)	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.2035%	26.9145%	7.3335%	
12	283.1	Allocated Total		0	0	(25,819,241)	(1,315,372)	(2,268,034)	(29,402,647)
283 Balance to Use in True-Up									
13	283.1	2013 Year End Tax Deferrals - WS C-1	(199,488,422)	(4,330,576)	-	(159,343,710)	(4,887,215)	(30,926,922)	
14	283.1	2012 Year End Tax Deferrals - WS C-2	(159,831,378)	(123,260,957)	-	(3,443,801)	(4,685,961)	(28,440,658)	
15		Subtotal	(359,319,800)	(127,591,533)	-	(162,787,511)	(9,573,176)	(59,367,580)	
16		Average Balance	(179,659,900)	(63,795,766)	0	(81,393,755)	(4,786,588)	(29,683,790)	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.2675%	27.2214%	7.3237%	
18		Allocated Total		0	0	(13,240,736)	(1,302,975)	(2,173,946)	(16,717,657)
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2013 Year End Tax Deferrals - Ws C-1	91,352,613	37,145,104	-	43,331,258	-	10,876,251	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.2035%	26.9145%	7.3335%	
21	190.1	Allocated Total		0	0	7,021,176	0	797,613	7,818,788
190 Balance to Use in True-Up									
22	190.1	2013 Year End Tax Deferrals - Ws C-1	91,352,613	37,145,104	-	43,331,258	-	10,876,251	
23	190.1	2012 Year End Tax Deferrals - Ws C-2	88,494,193	37,095,979	-	40,615,409	-	10,782,804	
24		Subtotal	179,846,805	74,241,083	-	83,946,667	-	21,659,055	
25		Average Balance	89,923,403	37,120,542	0	41,973,334	0	10,829,528	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.2675%	27.2214%	7.3237%	
27		Allocated Total		0	0	6,828,015	0	793,120	7,621,135
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255.0	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h)	(143,269)			(143,269)			
29	255.0	Transmission Allocator from Historic TCOS [GP or W/S]				16.2035%			
30	255.0	Allocated Total		N/A	N/A	(23,215)	N/A	N/A	(23,215)
255 Balance to Use in True-Up									
31	255.0	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h)	(143,269)			(143,269)			
32	255.0	Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 266, Ln 2.b)	(182,874)			(182,874)			
33		Subtotal	(326,143)			(326,143)			
34		Average Balance	(163,072)			(163,072)			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				16.2675%			
36		Allocated Total		N/A	N/A	(26,528)	N/A	N/A	(26,528)

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

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
PUBLIC SERVICE COMPANY OF OKLAHOMA

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
<u>Line Number</u>	<u>Source</u>	<u>Balance @ December 31, 2013</u> FF1, p. 227, Col. (c)	<u>Balance @ December 31, 2012</u> FF1, p. 227, Col. (b)	<u>Average Balance for Rate Year 2013</u>				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	452,952	419,745	436,349			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	237,917	324,917	281,417			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	-			

Prepayment Balance Summary

	<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>Total Included in Rate Base (E)+(F)+(G)</u>	
5	Totals as of December 31, 2013	5,796,327	(97,530,358)	0	2,783,342	100,543,343	103,326,685
6	Totals as of December 31, 2012	7,087,189	(107,233,277)	0	2,904,855	111,415,611	114,320,466
7	Average Balance	6,441,758	(102,381,818)	0	2,844,098	105,979,477	108,823,576

Prepayments Account 165 - Balance @ 12/31/2013

<u>Acc. No.</u>	<u>Description</u>	<u>2013 YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>Total Included in Rate Base (E)+(F)+(G)</u>	
8	1650001 Prepaid Insurance	1,089,497	0		605,413	484,084	1,089,497	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins. Prepaid Executive Life Insurance
9	1650004 Prepaid Interest	0	0				-	
10	1650005 Prepaid Employee Benefits	0	0				-	
11	1650006 Other Prepayments	547,256	547,256				-	Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
12	1650009 Prepaid Carry Cost-Factored	64,371	64,371				-	AR Factoring - Excluded because it is retail.
13	1650010 Prepaid Pension Benefits	99,687,782				99,687,782	99,687,782	Prefunded Pension Expense
14	165001113 Prepaid Sales Taxes	1,500,000			1,500,000		1,500,000	
15	165001213 Prepaid Use Taxes	150,000			150,000		150,000	
16	1650014 FAS 158 Qual Contra Asset	(99,687,782)	(99,687,782)				-	Non-Cash Offset Excludable from Rate Base
	1650016 FAS 112 ASSETS	0					-	SFAS 158 Offset
	1650021 Prepaid Insurance - EIS	899,406			527,928	371,477	899,406	Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
	1650023 Prepaid Leases	1,196,856	1,196,856				-	
17	1650028 Trinity Rail Car Lease - Non-current	348,941	348,941				-	
18	Subtotal - Form 1, p 111.57.c	5,796,327	(97,530,358)	0	2,783,342	100,543,343	103,326,685	

Prepayments Account 165 - Balance @ 12/31/2012

<u>Acc. No.</u>	<u>Description</u>	<u>2012 YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>Total Included in Rate Base (E)+(F)+(G)</u>	
20	1650001 Prepaid Insurance	1,047,117	0		574,025	473,092	1,047,117	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins. Prepaid Executive Life Insurance
21	1650004 Prepaid Interest	0	0				-	
22	1650005 Prepaid Employee Benefits	0	0				-	
23	1650006 Other Prepayments	528,200	528,200				-	Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
24	1650009 Prepaid Carry Cost-Factored AR	51,080	51,080				-	AR Factoring - Excluded because it is retail.
25	1650010 Prepaid Pension Benefits	110,582,517				110,582,517	110,582,517	Prefunded Pension Expense
26	165001112 Prepaid Sales Taxes	1,500,000			1,500,000		1,500,000	
27	165001212 Prepaid Use Taxes	150,000			150,000		150,000	
28	1650014 FAS 158 Qual Contra Asset	(110,582,517)	(110,582,517)				-	Non-Cash Offset Excludable from Rate Base
29	1650016 FAS 112 ASSETS	0					-	SFAS 158 Offset
	1650021 Prepaid Insurance - EIS	1,040,832			680,830	360,003	1,040,832	Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
	1650023 Prepaid Leases	1,224,163	1,224,163				-	
	1650028 Trinity Rail Car Lease - Non-current	1,545,797	1,545,797				-	
30	Subtotal - Form 1, p 111.57.c	7,087,189	(107,233,277)	0	2,904,855	111,415,611	114,320,466	

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet E - IPP Credits
PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2013</u>
1	Net Funds from IPP Customers @ 12/31/2012 (2013 FORM 1, P269, (B))	3,612,688
2	Interest Accrual (company records)	130,500
3	Revenue Credits to Generators (company records)	(726,008)
4	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	-
6		
7	Net Funds from IPP Customers 12/31/2013 (2013 FORM 1, P269, (F))	3,017,180
8	Average Balance for 2013 ((ln 1 + ln 7)/2)	3,314,934

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances
Worksheet F - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects
 Based on a Carrying Charge Derived from Historic 2013 Data
PUBLIC SERVICE COMPANY OF OKLAHOMA

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

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

ROE w/o incentives (Projected TCOS, In 149)	11.20%
Project ROE Incentive Adder (Enter as whole number)	0 basis points
ROE with additional 0 basis point incentive	11.20% <= Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 147 through 149)	
	%
Long Term Debt	51.72%
Preferred Stock	0.00%
Common Stock	48.28%
	Cost
	0.0535
	0.0000
	0.1120
	Weighted cost
	0.0277
	0.0000
	0.0541
R =	0.0817

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

Rate Base (Projected TCOS, In 75)	431,508,421
R (from A. above)	0.0817
Return (Rate Base x R)	35,266,167

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

Return (from B. above)	35,266,167
Tax Rate (Projected TCOS, In 109)	38.56%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	41.52%
Income Tax Calculation (Return x EIT)	14,644,029
ITC Adjustment (Projected TCOS, In 116)	1,275,508
Income Taxes	15,919,537

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, In 123)	90,291,647
Return (Projected TCOS, In 118)	35,266,167
Income Taxes (Projected TCOS, In 117)	15,919,537
Gross Margin Taxes (Projected TCOS, In 122)	-
Net Revenue Requirement, Less Return and Taxes	39,105,943

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

Net Revenue Requirement, Less Return and Taxes	39,105,943
Return (from I.B. above)	35,266,167
Income Taxes (from I.C. above)	15,919,537
Net Revenue Requirement, with 0 Basis Point ROE increase	90,291,647
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	90,291,647
Less: Depreciation (Projected TCOS, In 95)	13,047,326
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	77,244,321

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

Net Revenue Requirement before Gross Margin Taxes, with 0	90,291,647
Basis Point ROE increase (II B. above)	-
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	561,128,958
Net Revenue Requirement, with 0 Basis Point ROE increase	90,291,647
FCR with 0 Basis Point increase in ROE	16.09%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	77,244,321
FCR with 0 Basis Point ROE increase, less Depreciation	13.77%
FCR less Depreciation (Projected TCOS, In 12)	13.77%
	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	-

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	706,917,109	<=From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	731,312,125	<=From Input on Worksheet B
	1,438,229,234	
Transmission Plant Average Balance for 2013	719,114,617	
Annual Depreciation Expense (Historic TCOS, In 246)	13,945,554	
Composite Depreciation Rate	1.94%	
Depreciable Life for Composite Depreciation Rate	51.57	
Round to nearest whole year	52	

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS				
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2014	7,448,863	7,448,863	\$ -

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

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

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

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

ROE w/o incentives (True-Up TCOS, In 136)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 134 through 136)			
	%	Cost	Weighted cost
Long Term Debt	51.45%	0.0550	0.0283
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	48.55%	0.1120	0.0544
		R =	0.0827

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

Rate Base (True-Up TCOS, In 63)	346,687,370
R (from A. above)	0.0827
Return (Rate Base x R)	28,669,688

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

Return (from B. above)	28,669,688
Tax Rate (True-Up TCOS, In 106)	38.56%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	41.27%
Income Tax Calculation (Return x EIT)	11,830,937
ITC Adjustment (True-Up TCOS, In 103)	1,283,442
Income Taxes	13,114,379

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, In 110)	79,257,497
Return (True-Up TCOS, In 105)	28,669,688
Income Taxes (True-Up TCOS, In 104)	13,114,379
Gross Margin Taxes (True-Up TCOS, In 109)	-
Net Revenue Requirement, Less Return and Taxes	37,473,430

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

Net Revenue Requirement, Less Return and Taxes	37,473,430
Return (from I.B. above)	28,669,688
Income Taxes (from I.C. above)	13,114,379
Net Revenue Requirement, with 0 Basis Point ROE increase	79,257,497
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	79,257,497
Less: Depreciation (True-Up TCOS, In 83)	12,902,217
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	66,355,281

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)	79,257,497
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

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

Net Transmission Plant (True-Up TCOS, In 39)	460,993,941
Net Revenue Requirement, with 0 Basis Point ROE increase	79,257,497
FCR with 0 Basis Point increase in ROE	17.19%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	66,355,281
FCR with 0 Basis Point ROE increase, less Depreciation	14.39%
FCR less Depreciation (True-Up TCOS, In 12)	14.39%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	706,917,109	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	731,312,125	<==From Input on Worksheet B
	1,438,229,234	
Transmission Plant Average Balance for 2013	719,114,617	
Annual Depreciation Expense (True-Up TCOS, In 83)	13,945,554	
Composite Depreciation Rate	1.94%	
Depreciable Life for Composite Depreciation Rate	51.57	
Round to nearest whole year	52	

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR SPP BPU & NON-BPU PROJECTS				
TRUE-UP YEAR	2013	Rev Require	W Incentives	Incentive Amounts
	Σ Prior Year Projected (WS-F)	\$ 6,696,308	\$ 6,696,308	\$ -
	Σ Prior Year True-Up (WS-G)	\$ 6,075,934	\$ 6,075,934	\$ -
	True-up Adjustment For 2013	(620,375)	(620,375)	-

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

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
PUBLIC SERVICE COMPANY OF OKLAHOMA

Revenue Credits for

	Total Company	Non- Transmission	Transmission
I. Account 450, Forfeited Discounts	2,662,702	2,662,702	-
II. Account 451, Miscellaneous Service Revenues	4,582,754	4,582,754	-
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff	1,867,325	1,819,960	47,365
2 Account 4540002 - Rent from Elect Property - Non-Aff	179,906	154,997	24,909
3 Account 4540005 - Rent from Elect Property - Pole Attach	102,889	57,135	45,754
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	3,066,804	3,066,804	-
5 Total Rents from Electirc Property	5,216,925		118,029
(Revenue related to transmission facilities for pole attachments, rentals, etc. Provide data sources and explanations in Section VIII, Notes below)			
IV. Account 4560015, Revenues from Associated Business Development			1,082,391
1 Account 4560015, Revenues from Associated Business Development	3,126,086		1,082,391
V. Total Other Operating Revenues To Reduce Revenue Requirement			1,200,420
VI. Account 456.1, Revenues from Transmission of Electricity of Others			36,437,289
(Provide data sources and any detailed explanations necessary in Section VIII Notes below)			
Less:			
1 Transmission Direct Assignment Revenue (if costs not in the ARR)			-
2 Sponsored Upgrade Revenue			-
3 Credits against Transmission Service Revenue related to Generation Interconnections			971,715
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			1,497,326
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			13,671,943
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			-
7 Distribution and Other Non-Transmission Revenue			258,146
8 Revenue from SPP Ancillary Services Provided			3,733,976
9 Base Plan Revenue (from SPP)			9,622,379
10 Flow Through of ERCOT Ancillary Charges			-
11 Other			855,060
			\$5,826,743
			Net Transmission Credits
VII. Total Worksheet A Revenue Credits			\$7,027,164

VIII. Data Sources:

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
PUBLIC SERVICE COMPANY OF OKLAHOMA

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

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

NOTE: Exclusion of Accounts 561 and 565 from O&M Expense in the TCOS templates eliminates the need to use this worksheet.

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses
PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Line Number</u>	<u>FERC Acct No.</u>	<u>Description</u>	<u>2013 Expense</u>	<u>100% Non-Transmission</u>	<u>100% Transmission Specific</u>	<u>Explanation</u>
Account 926						
2007 Base Year OPEB Expense (Note 1)						
1	9260021	Postretirement Benefits - OPEB	7,738,548			
2	9260057	Postret Ben Medicare Subsidy	(2,016,228)			
3		OPEB Billed From Service Corporation	452,416			
4		Net 2007 Base Year Expense	6,174,736			
5	2013 Current Year Expense					
6	9260021	Postretirement Benefits - OPEB	(2,755,591)			
7	9260057	Postret Ben Medicare Subsidy	1,018,024			
8		OPEB Billed From Service Corporation	182,884			
9		Net 2013 Expense	(1,554,683)			
10		Net Increase (Decrease) in OPEB Expense	(7,729,419)	This Amount Is Allocated on Wages & Salaries		
Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.						
Account 928						
11	9280000	Reg Commission Expense - OCC Annual Fees	1,349,962	1,349,962	-	Oklahoma Corporation Commission Assessment
12	9280001	Reg Commission Expense Admin	11,966	11,966	-	FERC Assessment Fees
13	9280002	Reg Commission Exp - Case	371,850	291,670	80,180	To accumulate AEPSC costs in connection with the preparation and filing of the 2013 Public Service of Oklahoma base rate case. PSO - Updates required as a result of FERC Docket ER07-1369-000.
14	9280002	Reg Commission Exp - Transmission	1,781	-	1,781	1369-000.
15	9280002	Reg Commission Exp - Labor Accruals	530	436	94	Labor accruals - for various depts
16	9280002	Reg Commission Exp - Misc Filings	1,271	1,271	-	Determination of Use and Usefulness of Additional Baseload Generation before the OCC
17	9280002	Reg Commission Exp - Misc Filings	2,186	2,186	-	Misc Filing Before the OCC
18	9280002	Reg Commission Exp - Misc Filings	43,529	35,936	7,593	Reg/Leg Act-Oklahoma
19	9280003	Rate Case Amort	35,700	35,700	-	Rate Case Amortization
20		Total (FF1, pg. 323)	1,818,775	1,729,127	89,647	
Account 930.1						
21	9301000	General Advertising Expenses	83,028	83,028	0	
22	9301001	Newspaper Advertising Space	33,377	33,377	0	
23	9301002	Radio Station Advertising Time	25,804	25,804	0	
24	9301006	Spec Corporate Comm Info Proj	1,200	1,200	0	
25	9301007	Special Adv Space & Prod Exp	9,350	9,350	0	
26	9301008	Direct Mail and Handouts	0	0	0	
27	9301009	Fairs, Shows, and Exhibits	925	925	0	
28	9301010	Publicity	3,023	3,023	0	
29	9301011	Dedications, Tours, & Openings	0	0	0	
30	9301012	Public Opinion Surveys	26,923	26,923	0	
31	9301013	Movies Slide Films & Speeches	0	0	0	
32	9301014	Video Communications	14	14	0	
33	9301015	Other Corporate Comm Exp	63,348	63,348	0	
34		Total (FF1, pg. 323)	246,991	246,991	0	
Account 930.2						
35	9302000	Misc General Expenses	595,641	595,641	0	
36	9302003	Corporate & Fiscal Expenses	44,405	44,405	0	
37	9302004	Research, Develop&Demonstr Exp	8,775	8,775	0	
38	9302006	Assoc Bus Development - Materials Sold-Trans	0	0	0	
39	9302006	Assoc Bus Development - Materials Sold-Non Trans	117,381	117,381	0	
40	9302007	Assoc Business Development Exp - Transmission	787,278	0	787,278	
41	9302007	Assoc Business Development Exp - Non-Transmission	814,990	814,990	0	
42	9302458	AEPSC Non Affiliated expenses	30	30	0	
43		Total (FF1, pg. 323)	2,368,499	1,581,222	787,278	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
PUBLIC SERVICE COMPANY OF OKLAHOMA

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2013

State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		96.78%	
Effective State Income Tax Rate			5.4778%
State Income Tax Rate - Ohio		0.00%	
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2	0.00%	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - West Virginia		7.00%	
Apportionment Factor		0.00%	
Effective State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			5.4778%

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

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

II. CALCULATION OF TEXAS GROSS MARGIN TAX

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		372,586,231	90,291,647	362,405,851	78,371,521	361,738,592	79,257,497
1	Apportionment Factor to Texas (In12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Apportioned Texas Revenues	\$0	\$0	\$0	\$0	\$0	\$0
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	-	-	-	-	-	-
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	-	-	-	-	-	-
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	-	-	-	-	-	-
8	Total Additional Gross Margin Tax Revenue Requirement	-	-	-	-	-	-
9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)						
10	Texas Jurisdictional Load	-	KW				
11	Total Load	-	KW				
12	Allocation Percentage (In 10 / In 11)	0.00%					

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet L - Taxes Other than Income
PUBLIC SERVICE COMPANY OF OKLAHOMA

HISTORIC PERIOD EXPENSE (2013) - TO BE USED ON TRUE-UP TEMPLATE

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	OH CAT Tax	77				77
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum	39,087,975	39,087,975			
5	Texas Ad Valorum	1,047,563	1,047,563			
6	Louisiana Ad Valorum	6,809	6,809			
7	Nevada Ad Valorum	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	4,472,150		4,472,150		
10	Federal Unemployment Tax	42,365		42,365		
11	State Unemployment Insurance	372,527		372,527		
12	Production Taxes					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax	1,867				1,867
17	Ok State Franchise Tax	20,000			20,000	
18	Ok Sales & Use Taxes	2,239				2,239
19	Ok Local Franchise Tax - 2012	161,159			161,159	
20	Ok Local Franchise Tax - 2011	-			-	
21	Ohio State Franchise	-			-	
22	Tx Sales & Use Taxes	498				498
23	Tx State Franchise	-			-	
24	MI Misc Tax	-			-	
25	Ok Misc Tax	70			70	
26	MT Misc Tax	15			15	
26	Wy Misc Tax	52			52	
27	Total Taxes by Allocable Basis	45,215,366	40,142,347	4,887,042	181,296	4,681
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	45,215,366				

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2013
PUBLIC SERVICE COMPANY OF OKLAHOMA

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<u>Long Term Debt (FF1.p. 256-257.h)</u>				
1 <i>Other Long Term Debt</i>				
2 Oklahoma Local Revolving Credit Facility	50,000,000		99,373	p256.1 L8(h)
3 <i>Pollution Control Bonds</i>				
4 Pollution Control Bonds - Series 2009	33,700,000	5.25%	1,769,250	p256 L12(h)
5 Pollution Control Bonds - Series 2007	12,660,000	4.45%	563,370	p257 L25h)
6 <i>Senior Unsecured Notes</i>				
7 Senior Unsecured Notes - Series F	150,000,000	6.15%	9,225,000	p256 L14(h)
8 Senior Unsecured Notes - Series G	250,000,000	6.625%	16,562,500	p256 L19(h)
9 Senior Unsecured Notes - Series H	250,000,000	5.15%	12,875,000	p256 L22(h)
10 Senior Unsecured Notes - Series I	250,000,000	4.40%	11,000,000	p256.1 L3(h)
11 GridSMART Promissory Note	6,744,301	3.00%	207,891	p257 L27(h)
<u>Issuance Discount, Premium, & Expenses:</u>				
12 Financial Hedges & Auction Fees	FF1.p. 256 & 257.Lines Described as Hedges or Fees		(1,167,106)	256 Ln17(i) 257 Ln5(i)
13 Amort of Debt Discount and Expenses	FF1.p. 117.63.c (also WS-N Ln 15)		1,032,721	
14 Less: Amor of Debt Premimums	FF1.p. 117.65.c (also WS-N Ln 17)		-	
<u>Reacquired Debt:</u>				
15 Amortization of Loss	FF1.p. 117.64.c (also WS-N Ln 16)		1,468,040	
16 Less: Amortization of Gain	FF1.p. 117.66.c (also WS-N Ln 18)		-	
17 Total Interest on Long Term Debt	1,003,104,301	5.35%	53,636,039	
<u>Preferred Stock (FF1.p. 250-251)</u>				
<u>Preferred Balance Outstanding</u>				
18	-		-	
19	-		-	
20	-		-	
21 Dividends on Preferred Stock	-	0.00%	-	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
 PUBLIC SERVICE COMPANY OF OKLAHOMA

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2012 and 12/31/2013

(A)	(B)	(C)	(D)	(E)
Line		<u>Balances @</u> <u>12/31/2013</u>	<u>Balances @</u> <u>12/31/2012</u>	<u>Average</u>
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)	942,100,536	916,277,931	929,189,234
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	0	0	-
4	Less Account 219.1 (p. 112.15.c&d)	5,757,380	6,480,383	6,118,882
5	Average Balance of Common Equity	936,343,156	909,797,548	923,070,352
<u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u>				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p.112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	1,003,104,301	953,506,638	978,305,470
10	Total Average Debt	1,003,104,301	953,506,638	978,305,470
11	Annual Interest Expense for 2014			
12	Coupon Interest on Long Term Debt (256-257.33.i)			51,135,278
13	Less: Financial Hedge Gain/Expense from Ln 26 Included in Ln 12			(1,167,106)
14	Plus: Allowed Hedge Recovery from Ln 30 below			(950,688)
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,032,721
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,468,040
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
19	Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)			53,852,457
20	Average Cost of Debt for 2014 (Ln 19/Ln 10)			5.50%
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257 (Enter Gains as a Negative Number)			
22	SUN Series I 4.4% Financial Hedge (p. 257.1 Ln 5.i)			(1,279,141)
23	SUN Series F 6.15% Financial Hedge (p. 256 Ln 17.i)			112,035
24				
25				
26	Total Hedge Amortization			(1,167,106)
27	Total Average Capital Balance for 2013 (Actual TCOS, Ln 137)			1,901,375,822
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable Amount			(950,688)
30	Recoverable Hedge Amortization			(950,688)
	<i>(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			
<u>Development of Cost of Preferred Stock</u>				
	<u>Preferred Stock</u>			<u>Average</u>
31	___% Series - - Dividend Rate (p. 250-251. ___a)			
32	___% Series - - Par Value (p. 250-251. ___c)			
33	___% Series - - Shares O/S (p.250-251. ___e)			
34	___% Series - - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	___% Series - - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	___% Series - - Dividend Rate (p. 250-251. col(a))			
37	___% Series - ___ - Par Value (p. 250-251. col(c))			
38	___% Series - 0 - Share O/S (p. 250-251. col(e))			
39	___% Series - - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	___% Series - - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - - Dividend Rate (p. 250-251.)			
42	0% Series - - Par Value (p. 250-251.)			
43	0% Series - - Shares O/S (p.250-251.)			
44	0% Series - - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	Balance of Preferred Stock (Lns 34, 39, 44)	-	-	-
47	Dividends on Preferred Stock (Lns 35, 40, 45)	-	-	-
48	Average Cost of Preferred Stock (Ln 47/46)	0.00%	0.00%	0.00%

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 120)				\$132,027,506
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	9,091,234	DA	1.00000	\$ 9,091,234
4	Assoc. Business Development	(Worksheet H)	140,776	DA	1.00000	\$ 140,776
5	Total Revenue Credits		9,232,009			\$ 9,232,009
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				\$122,795,497

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

7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		44,179,672	DA	1.00000	\$ 44,179,672
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(In 1 / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				16.70%
10	Monthly Rate	(In 9 / 12)				1.39%
11	NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				13.49%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				4.38%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	3,972,280,223	NA 0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(28,358,417)	NA 0.00000	-
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	1,164,661,669	DA	1,095,591,793
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.94540	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		100,271,455	DA 1.00000	100,271,455
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP 0.94540	-
22	Distribution	(Worksheet A In 5.C)	1,843,066,187	NA 0.00000	-
23	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
24	General Plant	(Worksheet A In 7.C)	316,159,542	W/S 0.06287	19,877,117
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(685,485)	W/S 0.06287	(43,097)
26	Intangible Plant	(Worksheet A In 9.C)	49,939,028	W/S 0.06287	3,139,693
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	7,417,334,202		1,218,836,962
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	1,315,550,496	NA 0.00000	-
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,607,088)	NA 0.00000	-
31	Transmission	(Worksheet A In 14.C & 28.C)	410,217,796	TP1=	379,292,326
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,178,495	DA 1.00000	1,178,495
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA 1.00000	-
35	Plus: Additional Transmission Depreciation for 2014 (In 95)		26,835,221	TP1 0.92461	24,812,169
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		17,609,218	W/S 0.06287	1,107,101
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA 1.00000	-
38	Distribution	(Worksheet A In 16.C)	665,789,420	NA 0.00000	-
39	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
40	General Plant	(Worksheet A In 18.C)	173,716,600	W/S 0.06287	10,921,654
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(349,011)	W/S 0.06287	(21,943)
42	Intangible Plant	(Worksheet A In 20.C)	36,235,232	W/S 0.06287	2,278,128
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	2,643,176,378		419,567,931
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	2,631,978,398		-
46	Transmission	(In 18 + In 19 - In 31 - In 32)	754,443,873		716,299,467
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		99,092,960		99,092,960
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		-
49	Plus: Additional Transmission Depreciation for 2014 (-In 35)		(26,835,221)		(24,812,169)
50	Plus: Additional General & Intangible Depreciation for 2014 (-In 36)		(17,609,218)		(1,107,101)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		-
52	Distribution	(In 22 + In 23 - In 38 - In 39)	1,177,276,767		-
53	General Plant	(In 24 + In 25 - In 40 - In 41)	142,106,468		8,934,309
54	Intangible Plant	(In 26 - In 42)	13,703,796		861,565
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	4,774,157,824		799,269,030
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
58	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(1,079,784,119)	DA	(165,955,919)
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(40,846,520)	DA	(1,941,630)
60	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	294,523,026	DA	26,806,225
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(826,107,613)		(141,091,325)
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,350,884	DA	504,994
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	1,824,944		1,725,296
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	656,522	TP 0.94540	620,674
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	145,720	W/S 0.06287	9,161
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.15286	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	106,821,247	W/S 0.06287	6,715,908
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	1,924,381	GP(h) 0.15286	294,152
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(94,084,314)	NA 0.00000	-
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	17,288,501		9,365,191
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7 (B))	(66,849,488)	DA 1.00000	(66,849,488)
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		3,899,840,108		601,198,402

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
76	OPERATION & MAINTENANCE EXPENSE				
76	Transmission	321.112.b	65,916,731		
77	Less: Total Account 561	(Note I) 321.84-92.b	13,118,955		
78	Less: Account 565	(Note J) 321.96.b	38,198,221		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	14,599,555	TP 0.94540	13,802,367
81	Administrative and General	323.197.b (Note K)	64,548,531		
82	Less: Acct. 924, Property Insurance	323.185.b	2,197,420		
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,947,637		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	197,977		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	855,027		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	59,350,470	W/S 0.06287	3,731,395
87	Plus: Acct. 924, Property Insurance	(In 82)	2,197,420	GP(h) 0.15286	335,887
88	Acct. 928 - Transmission Specific	Worksheet J In 28.(E) (Note L)	158,707	TP 0.94540	150,041
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 42.(E) (Note L)	-	TP 0.94540	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49.(E) (Note L)	88,526	DA 1.00000	88,526
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(8,031,022)	W/S 0.06287	(504,915)
92	A & G Subtotal	(sum Ins 86 to 90 less In 91)	69,826,145		4,810,763
93	TOTAL O & M EXPENSE	(In 80 + In 92)	84,425,700		18,613,131
94	DEPRECIATION AND AMORTIZATION EXPENSE				
95	Transmission	336.7.f	26,835,221	TP 0.94540	25,369,922
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,178,495	DA 1.00000	1,178,495
97	General	336.10.f	7,941,227	W/S 0.06287	499,269
98	Intangible	336.1.f	9,667,991	W/S 0.06287	607,832
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	45,622,934		27,655,518
100	TAXES OTHER THAN INCOME	(Note N)			
101	Labor Related				
102	Payroll	Worksheet L, Col. D	6,847,535	W/S 0.06287	430,508
103	Plant Related				
104	Property	Worksheet L, Col. C	46,308,999	GP(h) 0.15286	7,078,572
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,895,123	NA 0.00000	-
106	Other	Worksheet L, Col. E	22,610,367	GP(h) 0.15286	3,456,113
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	80,662,024		10,965,193
108	INCOME TAXES	(Note O)			
109	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		37.91%		
110	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		40.75%		
111	where WCLTD=(In 147) and WACC = (In 150)				
112	and FIT, SIT & p are as given in Note O.				
113	$GRCF=1 / (1 - T) =$ (from In 109)		1.6104		
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(1,561,193)		
115	Income Tax Calculation	(In 110 * In 118)	136,052,209		20,973,775
116	ITC adjustment	(In 113 * In 114)	(2,514,213)	NP(h) 0.15384	(386,785)
117	TOTAL INCOME TAXES	(sum Ins 115 to 116)	133,537,996		20,586,990
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	333,842,317		51,465,050
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		2,368,887	DA 1.00000	2,368,887
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		680,459,857		131,654,769
121	(sum Ins 93, 99, 107, 117, 118, 119)				
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,926,497	DA	372,737
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		682,386,354		132,027,506

AEP West SPP Member Companies
 2014 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 and Projected Net Plant at Year-End 2014

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.#

b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting workpapers rather than using the allocations above.

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 109) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 4.47% (State Income Tax Rate or Composite SIT. Worksheet K)) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 138) / long term debt (In 147). Preferred Stock cost rate = preferred dividends (In 139) / preferred outstanding (In 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(In 271)				\$121,767,746
153	REVENUE CREDITS	(Note A)				
154	Transmission Credits	(Worksheet H)	9,091,234	DA	1.00000	\$ 9,091,234
155	Assoc. Business Development	(Worksheet H)	140,776	DA	1.00000	\$ 140,776
156	Total Revenue Credits		9,232,009			\$ 9,232,009
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)				\$ 112,535,737

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

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		44,179,672	DA	1.00000	\$ 44,179,672
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
160	Annual Rate	(In 152/ In 197 x 100%)				17.00%
161	Monthly Rate	(In 160 / 12)				1.42%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives) (Note B)					
163	Annual Rate	((In 152 - In 246) / In 197 x 100%)				13.48%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)					
165	Annual Rate	((In 152 - In 246 - In 268 - In 269) / In 197 x 100%)				4.65%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
167	Production	(Worksheet A In 1.C)	3,972,280,223	NA 0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(28,358,417)	NA 0.00000	-
169	Transmission	(Worksheet A In 3.C & Ln 278)	1,164,661,669	DA	1,095,591,793
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.94070	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	1,843,066,187	NA 0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
175	General Plant	(Worksheet A In 7.C)	316,159,542	W/S 0.06256	19,778,276
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(685,485)	W/S 0.06256	(42,883)
177	Intangible Plant	(Worksheet A In 9.C)	49,939,028	W/S 0.06256	3,124,081
178	TOTAL GROSS PLANT	(sum Ins 167 to 177)	7,317,062,747	GP(h)= 0.152855 GTD= 0.38722	1,118,451,267
179	ACCUMULATED DEPRECIATION AND AMORTIZATION				
180	Production	(Worksheet A In 12.C)	1,315,550,496	NA 0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,607,088)	NA 0.00000	-
182	Transmission	(Worksheet A In 14.C & 28.C)	410,217,796.000	TP1= 0.92461	379,292,326
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.92461	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2014 (In 246)		N/A	TP1 0.92461	N/A
187	Plus: Additional General & Intangible Depreciation for 2014 (In 248+In 249)		N/A	W/S 0.06256	N/A
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
189	Distribution	(Worksheet A In 16.C)	665,789,420	NA 0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
191	General Plant	(Worksheet A In 18.C)	173,716,600	W/S 0.06256	10,867,345
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(349,011)	W/S 0.06256	(21,833)
193	Intangible Plant	(Worksheet A In 20.C)	36,235,232	W/S 0.06256	2,266,800
194	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 180 to 193)	2,597,553,444		392,404,638
195	NET PLANT IN SERVICE				
196	Production	(In 167 + In 168 - In 180 - In 181)	2,631,978,398		-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	754,443,873		716,299,466.533
198	Plus: Transmission Plant-in-Service Additions (In 171 - In 184)		N/A		N/A
199	Plus: Additional Trans Plant on Transferred Assets (In 172 - In 185)		N/A		N/A
200	Plus: Additional Transmission Depreciation for 2014 (-In 186)		N/A		N/A
201	Plus: Additional General & Intangible Depreciation for 2014 (-In 187)		N/A		N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 188)		N/A		N/A
203	Distribution	(In 173 + In 174 - In 189 - In 190)	1,177,276,767		-
204	General Plant	(In 175 + In 176 - In 191 - In 192)	142,106,468		8,889,882
205	Intangible Plant	(In 177 - In 193)	13,703,796		857,281
206	TOTAL NET PLANT IN SERVICE	(sum Ins 196 to 205)	4,719,509,303	NP(h)= 0.153839	726,046,629
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
209	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(1,079,784,119)	DA	(165,955,919)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(40,846,520)	DA	(1,941,630)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	294,523,026	DA	26,806,225
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
213	TOTAL ADJUSTMENTS	(sum Ins 208 to 212)	(826,107,613)		(141,091,325)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,350,884	DA	504,994
215	WORKING CAPITAL	(Note F)			
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,824,944		1,716,717
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	656,522	TP 0.94070	617,587
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	145,720	W/S 0.06256	9,116
219	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.15286	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	106,821,247	W/S 0.06256	6,682,513
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	1,924,381	GP(h) 0.15286	294,152
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(94,084,314)	NA 0.00000	-
224	TOTAL WORKING CAPITAL	(sum Ins 216 to 223)	17,288,501		9,320,084
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(66,849,488)	DA 1.00000	(66,849,488)
226	RATE BASE (sum Ins 206, 213, 214, 224, 225)		3,845,191,586		527,930,894

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
227	OPERATION & MAINTENANCE EXPENSE				
227	Transmission	321.112.b	65,916,731		
228	Less: Total Account 561	(Note I) 321.84-92.b	13,118,955		
229	Less: Account 565	(Note J) 321.96.b	38,198,221		
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	14,599,555	TP 0.94070	13,733,733
232	Administrative and General	323.197.b (Note K)	64,548,531		
233	Less: Acct. 924, Property Insurance	323.185.b	2,197,420		
234	Acct. 928, Reg. Com. Exp.	323.189.b	1,947,637		
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	197,977		
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	855,027		
237	Balance of A & G	(In 232 - sum In 233 to In 236)	59,350,470	W/S 0.06256	3,712,841
238	Plus: Acct. 924, Property Insurance	(In 233)	2,197,420	GP(h) 0.15286	335,887
239	Acct. 928 - Transmission Specific	Worksheet J In 28.(E) (Note L)	158,707	TP 0.94070	149,295
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 42.(E) (Note L)	-	TP 0.94070	-
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49.(E) (Note L)	88,526	DA 1.00000	88,526
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(8,031,022)	W/S 0.06256	(502,404)
243	A & G Subtotal	(sum Ins 237 to 241 less In 242)	69,826,145		4,788,952
244	TOTAL O & M EXPENSE	(In 231 + In 243)	84,425,700		18,522,685
245	DEPRECIATION AND AMORTIZATION EXPENSE				
246	Transmission	336.7.f	26,835,221	TP 0.94070	25,243,767
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
248	General	336.10.f	7,941,227	W/S 0.06256	496,786
249	Intangible	336.1.f	9,667,991	W/S 0.06256	604,809
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	44,444,439		26,345,363
251	TAXES OTHER THAN INCOME	(Note N)			
252	Labor Related				
253	Payroll	Worksheet L, Col. D	6,847,535	W/S 0.06256	428,367
254	Plant Related				
255	Property	Worksheet L, Col. C	46,308,999	GP(h) 0.15286	7,078,572
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,895,123	NA 0.00000	-
257	Other	Worksheet L, Col. E	22,610,367	GP(h) 0.15286	3,456,113
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	80,662,024		10,963,053
259	INCOME TAXES	(Note O)			
260	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		37.91%		
261	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		40.75%		
262	where WCLTD=(In 298) and WACC = (In 301)				
263	and FIT, SIT & p are as given in Note O.				
264	$GRCF=1 / (1 - T) =$ (from In 260)		1.6104		
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(1,561,193)		
266	Income Tax Calculation	(In 261 * In 269)	134,145,707		18,417,720
267	ITC adjustment	(In 264 * In 265)	(2,514,213)	NP(h) 0.15384	(386,785)
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	131,631,494		18,030,935
269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	329,164,179		45,193,051
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		2,368,887	DA 1.00000	2,368,887
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		672,696,723		121,423,974
272	(sum Ins 244, 250, 258, 269, 270)				
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,904,519	DA	343,772
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		674,601,241		121,767,746

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						1,164,661,669
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)							41,094,552
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							27,975,324
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						<u>1,095,591,793</u>
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					TP=	0.94070
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
281	Production	354.20.b	39,380,639	11,344,861	50,725,500	NA	0.00000	-
282	Transmission	354.21.b	3,017,073	3,508,095	6,525,168	TP	0.94070	6,138,195
283	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
284	Distribution	354.23.b	24,546,842	1,522,808	26,069,650	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	9,057,719	5,742,190	14,799,909	NA	0.00000	-
286	Total	(sum Ins 281 to 285)	76,002,273	22,117,954	98,120,227			<u>6,138,195</u>
287	Transmission related amount						W/S=	0.06256
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289		Long Term Interest (Worksheet M, In. 21, col. (D))						113,891,031
290		Preferred Stock Dividends (Worksheet M, In. 22, col. (D))						-
291	Development of Common Stock:							
292		Proprietary Capital (112.16.c)						2,055,439,065
293		Less Preferred Stock (In 299)						-
294		Less Account 216.1 (112.12.c)						21,517,257
295		Less Account 219.1 (112.15.c)						(8,446,167)
296		Common Stock (In 292 - In 293 - In 294 - In 295)						<u>2,042,367,975</u>
297								
298	Long Term Debt (Worksheet M, In. 21, col. (B))		\$					
299	Preferred Stock (Worksheet M, In. 22, col. (B))		1,960,200,000	Actual	Cap Limit		Cost (Note T)	Weighted
300	Common Stock (In 296) (Note U)		-	48.97%	0.00%		0.0581	0.0285
301	Total (sum Ins 298 to 300)		2,042,367,975	0.00%	0.00%		-	0.0000
			<u>4,002,567,975</u>	51.03%	0.00%		11.2%	0.0571
							WACC=	0.0856
302	Capital Structure Equity Limit (Note U)		52.5%					

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2013 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.#

b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting workpapers rather than using the allocations above.

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 260) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT = | 4.47% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 289) / long term debt (In 298). Preferred Stock cost rate = preferred dividends (In 290) / preferred outstanding (In 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				\$120,032,575
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	9,091,234	DA	1.00000	\$ 9,091,234
4	Assoc. Business Development	(Worksheet H)	140,776	DA	1.00000	\$ 140,776
5	Total Revenue Credits		9,232,009			\$ 9,232,009
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				\$110,800,565
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.						
7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		31,741,511	DA	1.00000	\$ 31,741,511
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100)				17.13%
10	Monthly Rate	(ln 9 / 12)				1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100)				13.53%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100)				4.73%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
		Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	RATE BASE CALCULATION				
	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	3,950,182,279	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(25,703,295)	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	1,139,975,851	DA	1,071,279,958
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.93974
20	Distribution	(Worksheet A In 5.E)	1,800,604,127	NA	0.00000
21	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	-	NA	0.00000
22	General Plant	(Worksheet A In 7.E)	315,900,400	W/S	0.06249
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(684,098)	W/S	0.06249
24	Intangible Plant	(Worksheet A In 9.E)	50,873,542	W/S	0.06249
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	7,231,148,806	GP(TU)=	0.15131
				GTD=	0.38767
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	1,282,892,836	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(3,285,313)	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	400,359,638	TP1=	0.92533
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.92533
31	Distribution	(Worksheet A In 16.E)	662,125,105	NA	0.00000
32	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA	0.00000
33	General Plant	(Worksheet A In 18.E)	170,652,178	W/S	0.06249
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(333,390)	W/S	0.06249
35	Intangible Plant	(Worksheet A In 20.E)	37,567,107	W/S	0.06249
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	2,549,978,160		383,456,556
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	2,644,871,461		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	739,616,213		700,815,088
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,138,479,023		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	144,897,514		9,055,270
42	Intangible Plant	(In 24 - In 35)	13,306,435		831,576
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	4,681,170,645	NP(TU)=	0.15182
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	(1,003,095,373)	DA	(152,288,497)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(40,960,726)	DA	(2,134,435)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	246,081,727	DA	23,246,707
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(797,974,372)		(131,176,226)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	1,350,884	DA	504,994
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,824,944		1,714,972
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	567,548	TP	0.93974
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	165,397	W/S	0.06249
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.15131
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	113,004,455	W/S	0.06249
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	1,870,929	GP(TU)	0.15131
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(102,212,319)	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	15,220,953		9,603,884
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(72,488,152)	DA	1.00000
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		3,827,279,959		517,146,435

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
64	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	65,916,731		
65	Less: Total Account 561	(Note I) 322.84-92.b	13,118,955		
66	Less: Account 565	(Note J) 322.96.b	38,198,221		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, ln 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	14,599,555	TP	0.93974
69	Administrative and General	323.197.b (Note K)	64,548,531		
70	Less: Acct. 924, Property Insurance	323.185.b	2,197,420		
71	Acct. 928, Reg. Com. Exp.	322.189.b	1,947,637		
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	197,977		
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	855,027		
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	59,350,470	W/S	0.06249
75	Plus: Acct. 924, Property Insurance	(ln 70)	2,197,420	GP(TU)	0.15131
76	Acct. 928 - Transmission Specific	Worksheet J ln 28.(E) (Note L)	158,707	TP	0.93974
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 42.(E) (Note L)	-	GP(TU)	0.15131
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 49.(E) (Note L)	88,526	DA	1.00000
79	Less: PBOP Expense ln Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	(8,031,022)	W/S	0.06249
80	A & G Subtotal	(sum Ins 74 to 78 less ln 79)	69,826,145		
81	TOTAL O & M EXPENSE	(ln 68 + ln 80)	84,425,700		
82	DEPRECIATION AND AMORTIZATION EXPENSE				
83	Transmission	336.7.f	26,835,221	TP	0.93974
84	General	336.10.f	7,941,227	W/S	0.06249
85	Intangible	336.1.f	9,667,991	W/S	0.06249
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	44,444,439		
87	TAXES OTHER THAN INCOME	(Note N)			
88	Labor Related				
89	Payroll	Worksheet L, Col. D	6,847,535	W/S	0.06249
90	Plant Related				
91	Property	Worksheet L, Col. C	46,308,999	GP(TU)	0.15131
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,895,123	NA	0.00000
93	Other	Worksheet L, Col. E	22,610,367	GP(TU)	0.15131
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	80,662,024		
95	INCOME TAXES	(Note O)			
96	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		37.91%		
97	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		40.86%		
98	where WCLTD=(ln 134) and WACC = (ln 137)				
99	and FIT, SIT & p are as given in Note O.				
100	$GRCF=1 / (1 - T) =$ (from ln 96)		1.6104		
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(1,561,193)		
102	Income Tax Calculation	(ln 97 * ln 105)	133,159,826		
103	ITC adjustment	(ln 100 * ln 101)	(2,514,213)	NP(TU)	0.15182
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	130,645,612		
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	325,915,596		
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		2,368,887	DA	1.00000
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		668,462,258		
108	(sum Ins 81, 86, 94, 104, 105, 106)				
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,892,529	DA	
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		670,354,787		

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2013 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

General Notes: a) References to data from FERC Form 1 are indicated as: page#.line#.col.#

b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting workpapers rather than using the allocations above.

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the true-up revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 96) multiplied by $(1/1-T)$. If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 4.47% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 125) / long term debt (In 134). Preferred Stock cost rate = preferred dividends (In 126) / preferred outstanding (In 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
SOUTHWESTERN ELECTRIC POWER COMPANY

<u>Line Number</u>	<u>(A) Rate Base Item & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2013</u>	<u>(D) Balances 12/31/2012</u>	<u>(E) Average Balance for 2013</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	3,972,280,223	3,928,084,334	3,950,182,279
2	Production Asset Retirement Obligation (ARO)	FF1, page 205 & 204, Col.(g)&(b), Ins 15,24,34,44	28,358,417	23,048,172	25,703,295
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	1,164,661,669	1,115,290,032	1,139,975,851
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	1,843,066,187	1,758,142,067	1,800,604,127
6	Distribution Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	-	-	-
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	316,159,542	315,641,257	315,900,400
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	685,485	682,710	684,098
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	49,939,028	51,808,056	50,873,542
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	7,346,106,649	7,168,965,746	7,257,536,198
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	29,043,902	23,730,882	26,387,392
Accumulated Depreciation & Amortization Balances					
12	Production Accumulated Depreciation	FF1, page 219, Ins 20-24, Col. (b)	1,315,550,496	1,250,235,176	1,282,892,836
13	Production ARO Accumulated Depreciation	Company Records	3,607,088	2,963,538	3,285,313
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	410,217,796	390,501,480	400,359,638
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, In 26, Col. (b)	665,789,420	658,460,789	662,125,105
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	173,716,600	167,587,756	170,652,178
19	General ARO Accumulated Depreciation	Company Records	349,011	317,769	333,390
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	36,235,232	38,898,982	37,567,107
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	2,601,509,544	2,505,684,183	2,553,596,864
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	3,956,100	3,281,307	3,618,703
Generation Step-Up Units					
23	GSU Investment Amount	Company Records	27,975,324	27,356,295	27,665,810
24	GSU Accumulated Depreciation	Company Records	15,114,099	14,615,436	14,864,768
25	GSU Net Balance	(Line 23 - Line 24)	12,861,225	12,740,859	12,801,042
Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)					
23a	Excluded Facilities Investment Amount	Company Records	41,094,552	40,965,614	41,030,083
24a	Excluded Facilities Accumulated Depreciation	Company Records	15,811,371	14,248,630	15,030,000
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	25,283,182	26,716,984	26,000,083
Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	410,217,796	390,501,480	400,359,638
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	30,925,470	28,864,066	29,894,768
28	Subtotal of Transmission Accumulated Depreciation	(Line 26 - Line 27)	379,292,326	361,637,414	370,464,870
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	1,350,884	1,350,884	1,350,884
30	Transmission Plant Held For Future	Company Records	504,994	504,994	504,994

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
SOUTHWESTERN ELECTRIC POWER COMPANY

I. Calculation of Composite Depreciation Rate

1	Transmission Plant @ Beginning of Historic Period (2013) (P.206, In 58,(b)):	1,115,290,032
2	Transmission Plant @ End of Historic Period (2013) (P.207, In 58,(g)):	<u>1,164,661,669</u>
3		2,279,951,701
4	Average Balance of Transmission Investment	1,139,975,851
5	Annual Depreciation Expense, Historic TCOS, In 246	26,835,221
6	Composite Depreciation Rate	2.35%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 6,198,610	2.00%	\$ 123,972	\$ 10,331	11	\$ 113,641
10	February	\$ 3,826,763	2.00%	\$ 76,535	\$ 6,378	10	\$ 63,780
11	March	\$ 1,655,233	2.00%	\$ 33,105	\$ 2,759	9	\$ 24,831
12	April	\$ 30,124,059	2.00%	\$ 602,481	\$ 50,207	8	\$ 401,656
13	May	\$ 1,735,325	2.00%	\$ 34,707	\$ 2,892	7	\$ 20,244
14	June	\$ 50,196,952	2.00%	\$ 1,003,939	\$ 83,662	6	\$ 501,972
15	July	\$ 1,708,919	2.00%	\$ 34,178	\$ 2,848	5	\$ 14,240
16	August	\$ 1,686,184	2.00%	\$ 33,724	\$ 2,810	4	\$ 11,240
17	September	\$ 2,577,876	2.00%	\$ 51,558	\$ 4,296	3	\$ 12,888
18	October	\$ 3,293,807	2.00%	\$ 65,876	\$ 5,490	2	\$ 10,980
19	November	\$ 1,814,080	2.00%	\$ 36,282	\$ 3,023	1	\$ 3,023
20	December	\$ (4,546,352)	2.00%	\$ (90,927)	\$ (7,577)	0	\$ -
21	Investment	<u>\$ 100,271,455</u>				Depreciation Expense	<u>\$ 1,178,495</u>

III. Plant Transferred

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

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Ratebase (E)+(F)+(G)+(H)
Account 282 - Form-1 page 274-275, Ln 2 Col. (k)									
282 Balance to Use in Projection									
1	282.1	2013 Year End Tax Deferrals - Ws C-1	(1,079,784,119)	7,348,942	-	(1,084,718,274)	-	(2,414,787)	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	15.2855%	38.7223%	6.2558%	
3	282.1	Allocated Total		0	0	(165,804,855)	0	(151,064)	(165,955,919)
282 Balance to Use in True-Up									
4	282.1	2013 Year End Tax Deferrals - Ws C-1	(1,079,784,119)	7,348,942	-	(1,084,718,274)	-	(2,414,787)	
5	282.1	2012 Year End Tax Deferrals - Ws C-2	(926,406,626)	786,842	-	(927,193,469)	-	-	
6		Subtotal	(2,006,190,746)	8,135,784	-	(2,011,911,743)	-	(2,414,787)	
7		Average Balance	(1,003,095,373)	4,067,892	0	(1,005,955,871)	0	(1,207,394)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	15.1312%	38.7670%	6.2494%	
9		Allocated Total		0	0	(152,213,042)	0	(75,455)	(152,288,497)
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2013 Year End Tax Deferrals - Ws C-1	(40,846,520)	(10,281,651)	-	(327,322)	-	(30,237,547)	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	15.2855%	38.7223%	6.2558%	
12	283.1	Allocated Total		0	0	(50,033)	0	(1,891,597)	(1,941,630)
283 Balance to Use in True-Up									
13	283.1	2013 Year End Tax Deferrals - Ws C-1	(40,846,520)	(10,281,651)	-	(327,322)	-	(30,237,547)	
14	283.1	2012 Year End Tax Deferrals - Ws C-2	(41,074,933)	(9,441,923)	-	(3,972,018)	-	(27,660,992)	
15		Subtotal	(81,921,453)	(19,723,573)	-	(4,299,341)	-	(57,898,539)	
16		Average Balance	(40,960,726)	(9,861,787)	0	(2,149,670)	0	(28,949,269)	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	15.1312%	38.7670%	6.2494%	
18		Allocated Total		0	0	(325,271)	0	(1,809,165)	(2,134,435)
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2013 Year End Tax Deferrals - Ws C-1	294,523,026	113,174,418	-	171,228,069	-	10,120,540	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	15.2855%	38.7223%	6.2558%	
21	190.1	Allocated Total		0	0	26,173,105	0	633,120	26,806,225
190 Balance to Use in True-Up									
22	190.1	2013 Year End Tax Deferrals - Ws C-1	294,523,026	113,174,418	-	171,228,069	-	10,120,540	
23	190.1	2012 Year End Tax Deferrals - Ws C-2	197,640,428	60,880,786	-	128,413,855	-	8,345,787	
24		Subtotal	492,163,454	174,055,204	-	299,641,924	-	18,466,327	
25		Average Balance	246,081,727	87,027,602	0	149,820,962	0	9,233,163	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	15.1312%	38.7670%	6.2494%	
27		Allocated Total		0	0	22,669,687	0	577,020	23,246,707
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h)	-			-			
29	255	Transmission Allocator from Historic TCOS [GP or W/S]				15.2855%			
30	255	Allocated Total		N/A	N/A	0	N/A	N/A	0
255 Balance to Use in True-Up									
31	255	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h)	-			-			
32	255	Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 266, Ln 2.b)	-			-			
33		Subtotal	-			-			
34		Average Balance	0			0			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				15.1312%			
36		Allocated Total		N/A	N/A	0	N/A	N/A	0

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

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
SOUTHWESTERN ELECTRIC POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2013	Balance @ December 31, 2012	Average Balance for Rate Year 2013				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	656,522	478,573	567,548			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	145,720	185,074	165,397			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	0			

Prepayment Balance Summary

	Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
5 Totals as of December 31, 2013	14,661,315	(94,084,314)	0	1,924,381	106,821,247	108,745,629
6 Totals as of December 31, 2012	10,664,815	(110,340,325)	0	1,817,477	119,187,663	121,005,140
7 Average Balance	12,663,065	(102,212,319)	0	1,870,929	113,004,455	114,875,384

Prepayments Account 165 - Balance @ 12/31/2013

Acc. No.	Description	2013 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)		
8 1650001	Prepaid Insurance	1,360,202	0		719,611	640,592	1,360,202	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins.	
9 1650004	Prepaid Interest	0	0				0		
10 1650005	Prepaid Employee Benefits	0	0				0		
11 1650006	Other Prepayments	11,220,046	11,220,046				0		
12 1650009	Prepaid Carry Cost	88,744	88,744				0		
13 1650010	Prepaid Pension Benefits	105,717,110				105,717,110	105,717,110		Prefunded Pension Expense
14 165001113	Prepaid Sales Taxes	724,800			724,800		724,800		
15 165001213	Prepaid Use Taxes	5	5				0		
16 1650014	FAS 158 Qual Contra Asset	(105,717,110)	(105,717,110)				0		
17 1650016	FAS 112 ASSETS	0					0		
18 1650021	Prepaid Insurance - EIS	943,517			479,971	463,546	943,517		SFAS 158 Offset Liability Ins.
19 1650023	Prepaid Leases	24,000	24,000				0		
20 1650029	Future Wetland Credits - Long Term	300,000	300,000				0	Dolet Hills Future Wetlands Credit	
21	Subtotal - Form 1, p 111.57.c	14,661,315	(94,084,314)	0	1,924,381	106,821,247	108,745,629		

Prepayments Account 165 - Balance @ 12/31/2012

Acc. No.	Description	2012 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
23 1650001	Prepaid Insurance	1,206,994	0		596,581	610,413	1,206,994	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins.
24 1650004	Prepaid Interest	0	0				0	
25 1650005	Prepaid Employee Benefits	0	0				0	
26 1650006	Other Prepayments	7,370,675	7,370,675				0	Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
27 1650009	Prepaid Carry Cost-Factored AR	61,037	61,037				0	
28 1650010	Prepaid Pension Benefits	118,139,537	0			118,139,537	118,139,537	AR Factoring - Excluded because it is retail. Prefunded Pension Expense
29 165001112	Prepaid Sales Taxes	681,000			681,000		681,000	
30 165001212	Prepaid Use Taxes	0					0	
31 1650014	FAS 158 Qual Contra Asset	(118,139,537)	(118,139,537)				0	Non-Cash Offset Excludable from Rate Base
32 1650016	FAS 112 ASSETS	0	0				0	SFAS 158 Offset
1650021	Prepaid Insurance - EIS	977,609			539,896	437,713	977,609	Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
1650023	Prepaid Leases	67,500	67,500				0	
1650029	Future Wetland Credits - Long Term	300,000	300,000				0	Dolet Hills Future Wetlands Credit
33	Subtotal - Form 1, p 111.57.d	10,664,815	(110,340,325)	0	1,817,477	119,187,663	121,005,140	

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate
Worksheet E - IPP Credits
SOUTHWESTERN ELECTRIC POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2013</u>
1	Net Funds from IPP Customers @ 12/31/2012 (2013 FORM 1, P269, (B))	78,126,815
2	Interest Accrual (company records)	2,368,887
3	Revenue Credits to Generators (company records)	(11,089,627)
4		
	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	(2,556,587)
6		
7	Net Funds from IPP Customers 12/31/2013 (2013 FORM 1, P269, (F))	66,849,488
8	Average Balance for 2013 ((ln 1 + ln 7)/2)	72,488,152

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, In 149)			11.20%
Project ROE Incentive Adder (Enter as whole number)		0	basis points
ROE with additional 0 basis point incentive			11.20% <==Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 147 through 149)			
	%	Cost	Weighted cost
Long Term Debt	48.97%	0.0581	0.0285
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	51.03%	0.1120	0.0571
		R =	0.0856

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

Rate Base (Projected TCOS, In 75)	601,198,402
R (from A. above)	0.0856
Return (Rate Base x R)	51,465,050

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

Return (from B. above)	51,465,050
Tax Rate (Projected TCOS, In 109)	37.91%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	40.75%
Income Tax Calculation (Return x EIT)	20,973,775
ITC Adjustment (Projected TCOS, In 116)	(386,785)
Income Taxes	20,586,990

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, In 123)	132,027,506
Return (Projected TCOS, In 118)	51,465,050
Income Taxes (Projected TCOS, In 117)	20,586,990
Gross Margin Taxes (Projected TCOS, In 122)	372,737
Net Revenue Requirement, Less Return and Taxes	59,602,729

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

Net Revenue Requirement, Less Return and Taxes	59,602,729
Return (from I.B. above)	51,465,050
Income Taxes (from I.C. above)	20,586,990
Net Revenue Requirement, with 0 Basis Point ROE increase	131,654,769
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	372,737
Revenue Requirement w/ Gross Margin Taxes	132,027,506
Less: Depreciation (Projected TCOS, In 95)	25,369,922
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	106,657,584

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)	131,654,769
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	53,096,715
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	37,167,701
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	371,677
Gross-up Required for Gross Margin Tax Expense	1,060
Total Additional Gross Margin Tax Revenue Requirement	372,737

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	790,580,258
Net Revenue Requirement, with 0 Basis Point ROE increase	131,654,769
FCR with 0 Basis Point increase in ROE	16.65%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	106,657,584
FCR with 0 Basis Point ROE increase, less Depreciation	13.49%
FCR less Depreciation (Projected TCOS, In 12)	13.49%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	1,115,290,032	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,164,661,669	<==From Input on Worksheet B
	2,279,951,701	
Transmission Plant Average Balance for 2013	1,139,975,851	
Annual Depreciation Expense (Historic TCOS, In 246)	26,835,221	
Composite Depreciation Rate	2.35%	
Depreciable Life for Composite Depreciation Rate	42.48	
Round to nearest whole year	42	

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR 2014	44,179,672	44,179,672	\$ -

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

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

AEP West SPP Member Companies
 2014 Cost of Service Formula Rate Projected on 2013 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 2013 Data
SOUTHWESTERN ELECTRIC POWER COMPANY

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

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

ROE w/o incentives (True-Up TCOS, In 136)	11.20%		
Project ROE Incentive Adder (Enter as whole number)	0 basis points		
ROE with additional 0 basis point incentive	11.20% <=Incentive ROE Cannot Exceed 12.45%		
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 134 through 136)			
	%	Cost	Weighted cost
Long Term Debt	49.11%	0.0573	0.0282
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.89%	0.1120	0.0570
		R =	0.0852

SUMMARY OF TRUED-UP ANNUAL REV. REQ. FOR SPP BPU & NON-BPU PROJECTS				
TRUE-UP YEAR	2013	Rev Require	W Incentives	Incentive Amounts
Σ Prior Year Projected (WS-F)	\$	33,398,332	\$	33,398,332
Σ Prior Year True-Up (WS-G)	\$	31,741,511	\$	31,741,511
True-up Adjustment For 2013		(1,656,820)		(1,656,820)

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

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

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

Rate Base (True-Up TCOS, In 63)	517,146,435
R (from A. above)	0.0852
Return (Rate Base x R)	44,038,087

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

Return (from B. above)	44,038,087
Tax Rate (True-Up TCOS, In 96)	37.91%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	40.86%
Income Tax Calculation (Return x EIT)	17,992,708
ITC Adjustment (True-Up TCOS, In 103)	(381,711)
Income Taxes	17,610,996

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, In 110)	120,032,575
Return (True-Up TCOS, In 105)	44,038,087
Income Taxes (True-Up TCOS, In 104)	17,610,996
Gross Margin Taxes (True-Up TCOS, In 109)	338,873
Net Revenue Requirement, Less Return and Taxes	58,044,618

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

Net Revenue Requirement, Less Return and Taxes	58,044,618
Return (from I.B. above)	44,038,087
Income Taxes (from I.C. above)	17,610,996
Net Revenue Requirement, with 0 Basis Point ROE increase	119,693,701
Gross Margin Tax with Basis Point ROE Increase (II C. below)	338,873
Revenue Requirement w/ Gross Margin Taxes	120,032,575
Less: Depreciation (True-Up TCOS, In 83)	25,218,108
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	94,814,466

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)	119,693,701
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	48,272,785
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	33,790,950
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	337,909
Gross-up Required for Gross Margin Tax Expense	964
Total Additional Gross Margin Tax Revenue Requirement	338,873

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

Net Transmission Plant (True-Up TCOS, In 39)	700,815,088
Net Revenue Requirement, with 0 Basis Point ROE increase	120,032,575
FCR with 0 Basis Point increase in ROE	17.13%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	94,814,466
FCR with 0 Basis Point ROE increase, less Depreciation	13.53%
FCR less Depreciation (True-Up TCOS, In 12)	13.53%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	1,115,290,032	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,164,661,669	<==From Input on Worksheet B
	2,279,951,701	
Transmission Plant Average Balance for 2013	1,139,975,851	
Annual Depreciation Expense (True-Up TCOS, In 83)	26,835,221	
Composite Depreciation Rate	2.35%	
Depreciable Life for Composite Depreciation Rate	42.48	
Round to nearest whole year	42	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
SOUTHWESTERN ELECTRIC POWER COMPANY

Revenue Credits for

	Total Company	Non- Transmission	Transmission
I. Account 450, Forfeited Discounts	4,687,986	4,687,986	
II. Account 451, Miscellaneous Service Revenues	2,682,253	2,682,253	
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff	1,821,307	1,821,307	
2 Account 4540002 - Rent from Elect Property - Non-Aff	2,987,845	2,985,912	1,932
3 Account 4540005 - Rent from Elect Property - Pole Attach	37,658	37,658	
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	4,375,950	4,375,950	
5 Total Rents from Electric Property	9,222,760		1,932

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

IV. Account 4560015, Revenues from Associated Business Development			
1 Account 4560015, Revenues from Associated Business Development	554,863		138,843
V. Total Other Operating Revenues To Reduce Revenue Requirement			140,776

VI. Account 456.1, Revenues from Transmission of Electricity of Others			69,448,100
---	--	--	------------

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

Less:

1 Transmission Direct Assignment Revenue (if costs not in the ARR)			
2 Sponsored Upgrade Revenue			
3 Credits against Transmission Service Revenue related to Generation Interconnections			2,811,667
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			74,895
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			34,494,044
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			
7 Distribution and Other Non-Transmission Revenue			362,947
8 Revenue from SPP Ancillary Services Provided			5,923,223
9 Base Plan Revenue (from SPP)			16,690,089
10 Flow Through of ERCOT Ancillary Charges			
11 Other			

Net Transmission Credits \$9,091,234

VII. Total Worksheet A Revenue Credits	<u>\$9,232,009</u>
---	--------------------

VIII. Data Sources:

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
SOUTHWESTERN ELECTRIC POWER COMPANY

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

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

NOTE: Exclusion of Accounts 561 and 565 from O&M Expense in the TCOS templates eliminates the need to use this worksheet.

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses
SOUTHWESTERN ELECTRIC POWER COMPANY

Line Number	(A) FERC Acct No.	(B) Description	(C) 2013 Expense	(D) 100% Non-Transmission	(E) 100% Transmission Specific	(F) Explanation
Account 926						
2007 Base Year OPEB Expense (Note 1)						
1	9260021	Postretirement Benefits - OPEB	7,852,189			
2	9260057	Postret Ben Medicare Subsidy	(2,175,142)			
3		OPEB Billed From Service Corporation	496,027			
4		Net 2007 Base Year Expense	6,173,074			
5	2013 Current Year Expense					
6	9260021	Postretirement Benefits - OPEB	(3,264,056)			
7	9260057	Postret Ben Medicare Subsidy	1,150,442			
8		OPEB Billed From Service Corporation	255,666			
9		Net 2013 Expense	(1,857,948)			
10		Net Increase (Decrease) in OPEB Expense	(8,031,022)	This Amount Is Allocated on Wages & Salaries		
Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.						
Account 928						
11	9280000	Regulatory Commission Exp	1,302	1,302		
12	9280001	Reg Commission Expense - OCC Annual Fees	90,245	90,245		FERC Annual Assessment
13	9280002	Reg Commission Exp - Labor Accruals	803	658	145	Labor accruals - for various depts
14	9280002	Reg Commission Exp - Case	31,370	31,370		To accumulate costs associated with an Energy Efficiency Rulemaking for SWEPCO Arkansas.
15	9280002	Reg Commission Exp - Case	47,560	41,433	6,127	Misc Filing Federal and/or State Regulatory and Legislative activities including but not limited to policy development, regulatory case management and other regulatory and legislative support. Reg/Leg Act-Arkansas
16	9280002	Reg Commission Exp - Case	5,401	5,401		To accumulate AEPSC costs in connection with the preparation and filing of the 2015 Louisiana Integrated 2009 SWEPCO EECRF Filing
17	9280002	Reg Commission Exp - Case	831	831		2009 TX Filing - Fuel Rec
18	9280002	Reg Commission Exp - Case	47,917	47,917		
19	9280002	Reg Commission Exp - Case	2,070		2,070	2009 TX Rate Filing
20	9280002	Reg Commission Exp - Case	2,178	2,178		SWEPCO TX Rate Case filing - 2012
21	9280002	Reg Commission Exp - Case	0		92,467	To accumulate AEPSC costs in connection with the preparation and filing to seek prudence determination regarding the environmental retrofit at SWEPCO's Flint Creek.
22	9280002	Reg Commission Exp - Case	226,750	134,283		Rate Case Support - SWEPCO Turk CWIP Case 2011.
23	9280002	Reg Commission Exp - Case	13,807	13,807		This work order will accumulate charges for the TCRF for SWEPCo transmission.
24	9280002	Reg Commission Exp - Case	6,635	6,635		To accumulate costs by AEPSC personnel in connection with the SWEPCo Energy Efficiency Cost Recovery Factors (EECRF) Filing to include recovery of budgeted energy efficiency costs, over-under recovery balances and , if applicable, performance bonus amount
25	9280002	Reg Commission Exp - Case	57,899		57,899	Rate Case Amortization
26	9280002	Reg Commission Exp - Case	40,847	40,847		
27	9280003	Rate Case Amort	1,372,025	1,372,025		
28		Total (FF1, pg. 323)	1,947,637	1,788,930	158,707	
Account 930.1						
29	9301000	General Advertising Expenses	98,422	98,422	0	
30	9301001	Newspaper Advertising Space	22,404	22,404	0	
31	9301002	Radio Station Advertising Time	7,682	7,682	0	
32	9301003	TV Station Advertising Time	0	0	0	
33	9301006	Spec Corporate Comm Info Proj	0	0	0	
34	9301008	Direct Mail and Handouts	0	0	0	
35	9301009	Fairs, Shows, and Exhibits	107	107	0	
36	9301010	Publicity	4,348	4,348	0	
37	9301011	Dedications, Tours, & Openings	0	0	0	
38	9301012	Public Opinion Surveys	13,395	13,395	0	
39	9301013	Movies Slide Films & Speeches	0	0	0	
40	9301014	Video Communications	26	26	0	
41	9301015	Other Corporate Comm Exp	51,593	51,593	0	
42		Total (FF1, pg. 323)	197,977	197,977	-	
Account 930.2						
43	9302000	Misc General Expenses	449,985	449,985	0	
44	9302003	Corporate & Fiscal Expenses	84,460	84,460	0	
45	9302004	Research, Develop&Demonstr Exp	7,670	7,670	0	
46	9302006	Assoc Bus Development - Materials Sold-Trans	0	0	0	
47	9302006	Assoc Bus Development - Materials Sold-Non Trans	86,108	86,108	0	
48	9302007	Assoc Business Development Exp - Transmission	88,526	0	88,526	
49	9302007	Assoc Business Development Exp - Non-Transmission	138,239	138,239	0	
50	9302458	AEPSC Non Affiliated expenses	39	39	0	
51	9270000	Franchise Requirements	0	0	0	
49		Total (FF1, pg. 323)	855,027	766,501	88,526	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
SOUTHWESTERN ELECTRIC POWER COMPANY

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2013

State Income Tax Rate - Louisiana		8.00%	
Apportionment Factor		37.59%	
Effective Louisiana State Income Tax Rate			3.0072%
State Income Tax Rate - Arkansas		6.50%	
Apportionment Factor		22.28%	
Effective Arkansas State Income Tax Rate			1.4479%
State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		0.22%	
Effective State Income Tax Rate			0.0127%
State Income Tax Rate - Ohio		0.00%	
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2	0.00%	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Nebraska		5.58%	
Apportionment Factor		0.0338%	
Effective Nebraska State Income Tax Rate			0.0019%
Total Effective State Income Tax Rate			<u>4.4697%</u>

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

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

II. CALCULATION OF TEXAS GROSS MARGIN TAX

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		680,459,857	131,654,769	672,696,723	121,423,974	668,462,258	119,693,701
1	Apportionment Factor to Texas (In12)	40.33%	40.33%	40.33%	40.33%	40.33%	40.33%
2	Apportioned Texas Revenues	\$274,431,254	\$53,096,715	\$271,300,361	\$48,970,609	\$269,592,590	\$48,272,785
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	192,101,878	37,167,701	189,910,253	34,279,426	188,714,813	33,790,950
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	1,921,019	371,677	1,899,103	342,794	1,887,148	337,909
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	5,478	1,060	5,416	978	5,381	964
8	Total Additional Gross Margin Tax Revenue Requirement	<u>1,926,497</u>	<u>372,737</u>	<u>1,904,519</u>	<u>343,772</u>	<u>1,892,529</u>	<u>338,873</u>
9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)						
10	Texas Jurisdictional Load	1,270,000	KW				
11	Total Load	3,149,000	KW				
12	Allocation Percentage (In 10 / In 11)	<u>40.33%</u>					

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet L - Taxes Other than Income
SOUTHWESTERN ELECTRIC POWER COMPANY

HISTORIC PERIOD EXPENSE (2013) - TO BE USED ON TRUE-UP TEMPLATE

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	TX Gross Receipts/OH CAT Tax	4,888,152				4,888,152
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum	369,172	369,172			
5	Arkansas Ad Valorum	12,286,931	12,286,931			
6	Louisiana Ad Valorum	18,018,701	18,018,701			
7	Texas Ad Valorum	15,634,195	15,634,195			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	6,396,078		6,396,078		
10	Federal Unemployment Tax	79,690		79,690		
11	State Unemployment Insurance	371,767		371,767		
12	Production Taxes					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax	6,845				6,845
17	LA State Franchise	3,225,467			3,225,467	
18	DE State Franchise	70,996			70,996	
19	AR State Franchise	160,309			160,309	
20	Ok State Franchise Tax	20,100			20,100	
21	Ok State License	10			10	
22	AR State License	310			310	
23	NE State License	-			-	
24	DE State License	(56)			(56)	
25	LA State License	35			35	
26	AR Local Franchise	-			-	
27	TX Local Franchise	9,266,604			9,266,604	
28	TX State Franchise	-			-	
29	LA Local Franchise	7,915,969			7,915,969	
30	AR Sales & Use Tax	(29)			(29)	
31	LA Sales & Use Tax	-			-	
32	NE Sales & Use Tax	-			-	
33	Ok Sales & Use Tax	2				2
34	TX Sales & Use Tax	124				124
35	TX PUC	743,439			743,439	
36	LA Insp & Cntrl Fees	422,872			422,872	
37	TX Misc Tax	144,000			144,000	
38	LA Misc Tax	75,000			75,000	
39	AR PUC	565,341			565,341	
40	VA Misc Tax	-			-	
41	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	80,662,024 80,662,024	46,308,999	6,847,535	22,610,367	4,895,123

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2013
SOUTHWESTERN ELECTRIC POWER COMPANY

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<u>Long Term Debt (FF1.p. 256-257.h)</u>				
1 <u>Affiliated Notes Payable</u>				
2 <u>None</u>			-	
3			-	
4 <u>Pollution Control Bonds</u>				
5 <u>PCRB - Parish of DeSoto, LA - Series 2010</u>	53,500,000	3.25%	1,738,750	p257 L8(h)
6 <u>PCRB - Sabine River - Series 2006 - 4.95%</u>	81,700,000	4.95%	4,044,150	p257 L17(h)
7			-	
8 <u>Senior Unsecured Notes</u>				
9 <u>Senior Unsecured Notes - Series C</u>	100,000,000	5.375%	5,375,000	p257 L11(h)
10 <u>Senior Unsecured Notes - Series D</u>	150,000,000	4.90%	7,350,000	p257 L14(h)
11 <u>Senior Unsecured Notes - Series E</u>	250,000,000	5.55%	13,875,000	p257 L20(h)
12 <u>Senior Unsecured Notes - Series F</u>	300,000,000	5.875%	17,625,000	p257 L25(h)
13 <u>Senior Unsecured Notes - Series G</u>	400,000,000	6.45%	25,800,000	p257 L28(h)
14 <u>Senior Unsecured Notes - Series H</u>	350,000,000	6.20%	21,700,000	p257.1 L3(h)
15 <u>Senior Unsecured Notes - Series I</u>	275,000,000	3.55%	9,762,500	p257.1 L5(h)
<u>Issuance Discount, Premium, & Expenses:</u>				
16 <u>Financial Hedges & Auction Fees</u>	FF1.p.256 & 257.i Lines Described as Hedges or Fees		3,487,665	p257.1,Ln8 p257,Ln23
17 <u>Amort of Debt Discount and Expenses</u>	FF1.p. 117.63.c (or WS-N Ln 15)		1,931,051	
18 <u>Less: Amor of Debt Premiums</u>	FF1.p. 117.65.c (or WS-N Ln 17)		-	
<u>Reacquired Debt:</u>				
19 <u>Amortization of Loss</u>	FF1.p. 117.64.c (or WS-N Ln 16)		1,213,182	
20 <u>Less: Amortization of Gain</u>	FF1.p. 117.66.c (or WS-N Ln 18)		11,267	
21 Total Interest on Long Term Debt	1,960,200,000	5.81%	113,891,031	
<u>Preferred Stock (FF1.p. 250-251)</u>				
	<u>Preferred Balance Outstanding</u>			
			-	
			-	
			-	
22 Dividends on Preferred Stock	-	0.00%	-	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2013 FF1 Balances
 SOUTHWESTERN ELECTRIC POWER COMPANY

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2012 and 12/31/2013

(A)	(B)	(C)	(D)	(E)
Line		<u>Balances @</u> <u>12/31/2013</u>	<u>Balances @</u> <u>12/31/2012</u>	<u>Average</u>
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)	2,055,439,065	2,021,211,699	2,038,325,382
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	21,517,257	19,193,896	20,355,577
4	Less Account 219.1 (p. 112.15.c&d)	(8,446,167)	(17,862,454)	(13,154,311)
5	Average Balance of Common Equity	2,042,367,975	2,019,880,257	2,031,124,116
<u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u>				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	1,960,200,000	1,960,200,000	1,960,200,000
10	Total Average Debt	1,960,200,000	1,960,200,000	1,960,200,000
11	Annual Interest Expense for 2013			
12	Coupon Interest on Long Term Debt (256-257.33.i)			110,758,065
13	Less: Financial Hedge (Gain)/Expense from Ln 26 Included in Ln 12			3,487,665
14	Plus: Allowed Hedge Recovery from Ln 30 below			1,995,662
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,931,051
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,213,182
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			11,267
19	Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)			112,399,028
20	Average Cost of Debt for 2014 (Ln 19/Ln 10)			5.73%
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257			
22	SUN Series I 3.55% Financial Hedge (p257.1/Ln8)			2,212,653
23	SUN Series 5.55% Financial Hedge (p257/Ln23)			1,275,012
24				
25				
26	Total Hedge Amortization			3,487,665
27	Total Average Capital Balance for 2013 (Actual TCOS, Ln 137)			3,991,324,116
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable (Gain)/Expense Amount			1,995,662
30	Recoverable Hedge Amortization			1,995,662
	<i>(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			
<u>Development of Cost of Preferred Stock</u>				
	Preferred Stock			Average
31	0% Series - - Dividend Rate (p. 250-251. 10.a)			
32	0% Series - - Par Value (p. 250-251. 10.c)			
33	0% Series - - Shares O/S (p.250-251. 10.e)			
34	0% Series - - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	0% Series - - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	0% Series - - Dividend Rate (p. 250-251. 9.a)			
37	0% Series - - Par Value (p. 250-251. 9.c)			
38	0% Series - - Shares O/S (p.250-251. 9.e)			
39	0% Series - - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	0% Series - - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - - Dividend Rate (p. 250-251. 8.a)			
42	0% Series - - Par Value (p. 250-251. 8.c)			
43	0% Series - - Shares O/S (p.250-251. 8.e)			
44	0% Series - - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	Balance of Preferred Stock (Lns 34, 39, 44)	-	-	-
47	Dividends on Preferred Stock (Lns 35, 40, 45)	-	-	-
48	Average Cost of Preferred Stock (Ln 47/46)	0.00%	0.00%	0.00%