

AEP Transmission Formula Rate Template
 Utilizing FERC Form 1 Data
 For rates effective July 1, 2015

SPP Zone 1 Projected AEP Revenue Requirements

Line No.			OKTCo Annual Revenue Requirement	SWTCo Annual Revenue Requirement
A. AEP Network Integration Transmission Service (NITS)				
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Line 1)	\$48,269,771	\$149,948
2	LESS: REVENUE CREDITS	(TCOS Line 5)	\$1,605,736	\$6,306
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6)	\$46,664,035	\$143,642
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7)	12,174,626	-
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-
8	SUBTOTAL		12,174,626	-
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	34,489,409	143,642
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)	\$34,489,409	\$143,642
12	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	8,307	8,307	8,307
13	AEP Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) / 12	\$345.99	\$1.44
B. Point-to-Point Service				
14	Annual Point-to-Point Rate in \$/MW - Year	(Line 11 / Line 12)	\$4,151.85	\$17.29
15	Monthly Point-to-Point Rate in \$/MW - Month	(Line 14 / 12)	\$345.99	\$1.44
16	Weekly Point-to-Point Rate in \$/MW - Weekly	(Line 14 / 52)	\$79.84	\$0.33
17	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 260)	\$15.97	\$0.07
18	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 365)	\$11.37	\$0.05
19	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 4160)	\$1.00	\$0.00
20	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 8760)	\$0.47	\$0.00

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SPP SCHEDULE 1 AEP Revenue Requirements

<u>Line No.</u>			OKTCo Annual Revenue Requirement	SWTCo Annual Revenue Requirement
A. <u>Schedule 1 ARR For 2015 Projected Year</u>				
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)		\$11,227	\$0
2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)		\$0	\$0
3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)		\$0	\$0
4	Total 561 Internally Developed Costs	(Line 1 - Line 2 - Line 3)	\$11,227	\$0
5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)		\$0	\$0
6	PROJECTED ZONAL ARR FOR 2015	(Line 4 - Line 5)	\$0	\$0
B. <u>Schedule 1 Projected 7/1/2015 Rate Calculations</u>				
7	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand		8,307	8,307
8	Annual Point-to-Point Rate in \$/MW - Year	(Line 6 / Line 7)	\$0.00	\$0.00
9	Monthly Point-to-Point Rate (In 8 / 12) \$/MW - Month	(Line 8 / 12)	\$0.00	\$0.00
10	Weekly Point-to-Point Rate (In 8 / 52) \$/MW - Weekly	(Line 8 / 52)	\$0.00	\$0.00
11	Daily Off-Peak Point-to-Point Rate (In 8 / 365) \$/MW - Day	(Line 8 / 365)	\$0.00	\$0.00
12	Hourly Off-Peak Point-to-Point Rate (In 8 / 8760) \$/MW - Hour	(Line 8 / 8760)	\$0.00	\$0.00

AEP Transmission Formula Rate Template
Calculation of True-Up Rate For Schedule 9
For Calendar Year 2014

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

Line No.			OKTCo Annual Revenue Requirement	SWTCo Annual Revenue Requirement
A. Network Service				
1	TRUE-UP YEAR 2014 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	\$36,313,292	\$176,429
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	\$1,605,736	\$6,306
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	\$34,707,556	\$170,123
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	6,150,575	-
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-
8	SUBTOTAL		6,150,575	-
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	28,556,981	170,123
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-
11	TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2014	(Line 9 + Line 10)	28,556,981	170,123
12	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand		\$8,307	\$8,307
13	Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) /12	286.48	1.71

AEP Transmission Formula Rate Template
 Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
 For Calendar Year 2014 and Projected Year 2015

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

Note: Some project's final trued-up cost may not meet SPP's \$100,000 threshold for socialization. In that case a true-up of the 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)	
Projected ARR For 2015 From WS-F							True-Up ARR CY2014 From Worksheet G (includes adjustment for SPP Collections)										
							Base ARR					Incentive ARR					Total ADJUSTED Revenue Requirement Effective 7/1/2015
Line No.	Sheet Name	Owner	Project Description	Year in Service	Base ARR (WS-F)	Incentive	Total	TRUE-UP Adjustment (WS-G)	Adjusted ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True-up	As Billed	Change	INTEREST Adjustment	Total Adjustments (True-Up, Billing, & Interest)	
1	OKT.001	OKT	Snyder 138 kV Terminal Addition	2010	80,859	-	80,859	(1,197)	117,297	102,221	15,076	-	-	-	569	14,449	95,308
2	OKT.002	OKT	Coffeyville T to Dearing 138 kV Rebuild - 1.1 miles	2010	108,980	-	108,980	(1,364)	159,773	139,238	20,535	-	-	-	787	19,958	128,938
3	OKT.003	OKT	Tulsa Power Station Reactor	2011	69,468	-	69,468	(940)	91,339	79,599	11,739	-	-	-	443	11,242	80,710
4	OKT.004	OKT	Bartlesville SE to Coffeyville T Rebuild	2011	1,327,673	-	1,327,673	(26,026)	1,879,087	1,637,575	241,513	-	-	-	8,841	224,328	1,552,001
5	OKT.005	OKT	Install 345kV terminal at Valliant***	2012	-	-	-	-	-	-	-	-	-	-	-	-	-
6	OKT.006	OKT	Canadian River - McAlester City 138 kV Line Conversion	2013	3,536,754	-	3,536,754	161,965	4,290,000	3,738,621	551,379	-	-	-	29,266	742,610	4,279,364
7	OKT.007	OKT	Cornville Station Conversion	2014	1,258,875	-	1,258,875	(248,117)	891,534	776,948	114,586	-	-	-	(5,478)	(139,010)	1,119,866
8	OKT.008	OKT	Coweta 69 kV Capacitor	2014	97,286	-	97,286	67,121	48,353	42,139	6,215	-	-	-	3,009	76,344	173,631
9	OKT.009	OKT	Prattville-Bluebell 138 kV	2015	578,000	-	578,000	-	-	-	-	-	-	-	-	-	578,000
10	OKT.010	OKT	Wapanucka Customer Connection	2013	841,053	-	841,053	-	-	-	-	-	-	-	-	-	841,053
11	OKT.011	OKT	Grady Customer Connection	2014	2,255,402	-	2,255,402	-	-	-	-	-	-	-	-	-	2,255,402
12	OKT.012	OKT	Darlington-Red Rock 138 kV line	2013	1,544,167	-	1,544,167	-	-	-	-	-	-	-	-	-	1,544,167
13	OKT.013	OKT	Ellis 138 kV	2013	476,107	-	476,107	-	-	-	-	-	-	-	-	-	476,107
OKT Total					12,174,626	-	6,479,897	(48,558)	7,477,383	6,516,340	961,043	-	-	-	37,436	949,921	13,124,547
14	SWT.001	SWT			-	-	-	-	-	-	-	-	-	-	-	-	-
15	SWT Total				-	-	-	-	-	-	-	-	-	-	-	-	-

*<\$100K investment *** Project became BPU ineligible (see Project's Notes)

AEP West (SPP Zone-1)
Network Load for January Through December, 2014
Based on West Zone-SPP Monthly Transmission System Firm Peak Demands [1] for the Twelve Months Ended December 31, 2014

Historical Combined Load Worksheet (SPP Zone - 1)

Line No.	Peak Day Peak Hour	1/7/2014 0800	2/6/2014 0800	3/3/2014 0900	4/23/2014 1700	5/22/2014 1700	6/30/2014 1600	7/7/2014 1700	8/25/2014 1600	9/4/2014 1700	10/1/2014 1600	11/18/2014 0800	12/10/2014 1000	12 Month Average MW	LRS
SPP Load Responsibility															
1	PSO (2)	2,868	3,033	2,881	2,430	3,131	3,668	3,942	4,069	3,796	3,321	2,658	2,678	3,206.3	38.6%
2	SWEPCO (2)	3,425	3,203	3,160	2,517	2,881	3,352	3,391	3,632	3,469	3,037	2,954	2,637	3,138.2	37.8%
3	AECC (3)	469	475	429	264	485	481	511	565	533	401	520	396	460.8	5.5%
4	AECC-MISO	336	336	315	144	94	207	213	245	220	182	195	209	224.7	2.7%
5	WFEC (3)	35	38	37	23	26	31	32	32	32	26	30	29	30.9	0.37%
6	OMPA (3)	91	99	94	84	109	137	145	153	142	125	84	87	112.5	1.4%
7	OG&E (3)	20	18	20	22	21	14	16	17	17	19	18	22	18.7	0.23%
8	NTEC (3)	896	773	732	381	472	586	613	620	612	503	721	630	628.3	7.6%
9	ETEC (3)	114	103	109	46	58	74	78	79	78	66	91	79	81.3	1.0%
10	TEXLA (3)	134	111	111	66	78	96	97	101	98	80	57	98	93.9	1.1%
11	Greenbelt (3)	7	9	7	6	10	6	11	14	13	5	7	8	8.6	0.10%
12	Lighthouse (3)	2	2	2	1	3	2	2	2	2	1	1	2	1.8	0.02%
13	Bentonville, AR (3)	102	107	96	84	110	128	124	149	138	110	98	85	110.9	1.3%
14	Prescott, AR (Entergy) (3)	12	12	13	9	11	14	9	15	15	12	13	6	11.8	0.14%
15	Minden, LA (Entergy) (3)	19	23	22	22	27	35	34	40	37	29	22	21	27.6	0.33%
16	Hope, AR (3)	49	46	45	39	47	55	53	58	56	47	43	37	47.9	0.58%
17	Coffeyville, KS (3)	112	114	110	108	116	104	102	64	120	82	105	98	102.9	1.2%
18 Zone 1 - System Firm Peak Demands		8,691	8,502	8,183	6,246	7,679	8,990	9,373	9,855	9,378	8,046	7,617	7,122	8,307	
Supporting Data															
19	PSO: PSO Native Load (2)	2,828	2,982	2,835	2,417	3,109	3,632	3,906	4,030	3,762	3,300	2,624	2,652		
20	KAMO	36	40	37	18	29	37	39	40	38	27	34	33		
21	GRDA load on PSO	15	16	15	5	7	10	11	11	11	8	12	11		
	WFEC load on PSO	-6	0	0	-6	-6	-6	-6	-6	-6	-6	-6	-6		
22	Allen Holdenville	-5	-5	-6	-4	-8	-5	-8	-6	-9	-8	-6	-12		
23	PSO Load Responsibility	2868	3033	2881	2430	3131	3668	3942	4069	3796	3321	2658	2678		
24	SWEPCO: SWEPCO Native Load (2) (5)	3,594	3,344	3,288	2,590	2,970	3,468	3,507	3,752	3,585	3,130	3,087	2,754		
25	Dolet Hills Aux. Load (4)	2	1	1	1	3	0	0	0	0	0	0	0		
26	VEMCO (on Entergy/CLECO)	-181	-152	-139	-84	-102	-126	-126	-130	-126	-103	-143	-127		
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	3425	3203	3160	2517	2881	3352	3391	3632	3469	3037	2954	2637		

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
2015 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 119)			48,269,771
2	REVENUE CREDITS	(Note A)			
3	Transmission Credits	(Worksheet H)	1,605,736	DA 1.00000	1,605,736
4	Assoc. Business Development	(Worksheet H)	-	DA 1.00000	-
5	Total Revenue Credits		1,605,736		1,605,736
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)			46,664,035
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)		12,174,626	DA 1.00000	12,174,626
	(Worksheet F)				
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%			11.81%
10	Monthly Rate	(ln 9 / 12)			0.98%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)				
12	Annual Rate	((ln 1 - ln 94 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%			10.31%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)				
14	Annual Rate	((ln 1 - ln 94 - ln 95 - ln 116 - ln 117) / (Sum of lns 46, 47, 48, 49, 51)) x 100%			1.22%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)				0.00%

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(1) <u>RATE BASE CALCULATION</u>	(2) <u>Data Sources</u> <u>(See "General Notes")</u>	(3) <u>TO Total</u> <u>NOTE D</u>	(4) <u>Allocator</u>	(5) <u>Total</u> <u>Transmission</u>
16	GROSS PLANT IN SERVICE				
16	<i>Line Deliberately Left Blank</i>				
17	<i>Line Deliberately Left Blank</i>				
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 183)	343,503,522	DA	343,503,522
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 1.00000	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		80,806,248	DA 1.00000	80,806,248
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP 1.00000	-
22	<i>Line Deliberately Left Blank</i>				
23	<i>Line Deliberately Left Blank</i>				
24	General Plant	(Worksheet A In 7.C)	-	W/S 0.99805	-
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S 0.99805	-
26	Intangible Plant	(Worksheet A In 9.C)	1,571,800	W/S 0.99805	1,568,734
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	425,881,570		425,878,504
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	<i>Line Deliberately Left Blank</i>		-	NA 0.00000	-
30	<i>Line Deliberately Left Blank</i>		-	NA 0.00000	-
31	Transmission	(Worksheet A In 14.C & 28.C)	9,319,430	TP1= 1.00000	9,319,430
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 1.00000	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		219,188	DA 1.00000	219,188
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA 1.00000	-
35	Plus: Additional Transmission Depreciation for 2015 (In 94)		5,911,259	TP1 1.00000	5,911,259
36	Plus: Additional General & Intangible Depreciation for (In 96+In 97)		218,615	W/S 0.99805	218,189
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA 1.00000	-
38	<i>Line Deliberately Left Blank</i>				
39	<i>Line Deliberately Left Blank</i>				
40	General Plant	(Worksheet A In 18.C)	-	W/S 0.99805	-
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S 0.99805	-
42	Intangible Plant	(Worksheet A In 20.C)	371,603	W/S 0.99805	370,878
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	16,040,095		16,038,944
44	NET PLANT IN SERVICE				
45	<i>Line Deliberately Left Blank</i>				
46	Transmission	(In 18 + In 19 - In 31 - In 32)	334,184,092		334,184,092
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		80,587,059		80,587,059
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		-
49	Plus: Additional Transmission Depreciation for 2015 (-In 35)		(5,911,259)		(5,911,259)
50	Plus: Additional General & Intangible Depreciation for 2015 (-In 36)		(218,615)		(218,189)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		-
52	<i>Line Deliberately Left Blank</i>				
53	General Plant	(In 24 + In 25 - In 40 - In 41)	-		-
54	Intangible Plant	(In 26 - In 42)	1,200,197		1,197,856
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	409,841,474		409,839,560
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)	(63,362,295)	DA	(63,358,904)
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & In 12.J)	(14,512,655)	DA	(11,480,341)
60	Account No. 190.1	(Worksheet C, In 19.C & In 21.J)	12,701,510	DA	4,018,119
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & In 30.J)	-	DA	-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(65,173,440)		(70,821,125)
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
63a	REGULATORY ASSETS	(Worksheet A In NOTE 1 . (C))	-	DA	-
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	94,197		94,197
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP 1.00000	-
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S 0.99805	-
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 1.00000	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S 0.99805	-
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	59,417	GP(h) 1.00000	59,417
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	13,500	DA 1.00000	13,500
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA 0.00000	-
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	167,114		167,114
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	-	DA 1.00000	-
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		344,835,148		339,185,549

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
76	OPERATION & MAINTENANCE EXPENSE				
76	Transmission	321.112.b	764,804		
77	Less: Total Account 561	(Note I) 321.84-92.b	11,227		
78	Less: Account 565	(Note J) 321.96.b	-		
79	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	-		
80	Total O&M Allocable to Transmission	(lns 76 - 77 - 78 - 79)	<u>753,577</u>	TP 1.00000	753,577
81	Administrative and General	323.197.b (Note K)	1,450,737		
82	Less: Acct. 924, Property Insurance	323.185.b	88,138		
83	Acct. 928, Reg. Com. Exp.	323.189.b	-		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	31,363		
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	<u>1,331,236</u>	W/S 1.00000	1,331,236
87	Plus: Acct. 924, Property Insurance	(ln 82)	88,138	GP(h) 1.00000	88,138
88	Acct. 928 - Transmission Specific	Worksheet J ln 9.(E) (Note L)	-	TP 1.00000	-
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 26.(E) (Note L)	-	TP 1.00000	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 32.(E) (Note L)	-	DA 1.00000	-
90a	PBOP Adjustment	Worksheet O ln 16.B	29,274	DA 1.00000	29,274
91	A & G Subtotal	(sum lns 86 to 90 less ln 90a)	<u>1,448,648</u>		<u>1,448,648</u>
92	TOTAL O & M EXPENSE	(ln 80 + ln 91)	2,202,225		2,202,225
93	DEPRECIATION AND AMORTIZATION EXPENSE				
94	Transmission	336.7.f	5,911,259	TP 1.00000	5,911,259
95	Plus: Transmission Plant-in-Service Additions (Worksheet B)	(Worksheet A ln 39.C)	219,188	DA 1.00000	219,188
95a	Plus: Formation Costs Amortization	(Worksheet A ln 39.C)	-	DA 1.00000	-
96	General	336.10.f	-	W/S 1.00000	-
97	Intangible	336.1.f	218,615	W/S 1.00000	218,615
98	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 94 to 97)	<u>6,349,062</u>		<u>6,349,062</u>
99	TAXES OTHER THAN INCOME	(Note N)			
100	Labor Related				
101	Payroll	Worksheet L, Col. D	-	W/S 1.00000	-
102	Plant Related				
103	Property	Worksheet L, Col. C	2,530,749	GP(h) 1.00000	2,530,749
104	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA 0.00000	-
105	Other	Worksheet L, Col. E	19,975	GP(h) 1.00000	19,975
106	TOTAL OTHER TAXES	(sum lns 101 to 105)	<u>2,550,724</u>		<u>2,550,724</u>
107	INCOME TAXES	(Note O)			
108	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		38.68%		
109	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		47.57%		
110	where WCLTD=(ln 146) and WACC = (ln 149)				
111	and FIT, SIT & p are as given in Note O.				
112	$GRCF=1 / (1 - T) =$ (from ln 108)		2		
113	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
114	Income Tax Calculation	(ln 109 * ln 117)	12,180,512		11,980,953
115	ITC adjustment	(ln 112 * ln 113)	-	NP(h) 1.00000	-
116	TOTAL INCOME TAXES	(sum lns 114 to 115)	<u>12,180,512</u>		<u>11,980,953</u>
117	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 149)	25,606,327		25,186,807
118	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		-	DA 1.00000	-
119	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		<u>48,888,851</u>		<u>48,269,771</u>
120	(sum lns 92, 98, 106, 116, 117, 118)				
121	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
122	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		<u>48,888,851</u>		<u>48,269,771</u>

AEP West SPP Member Companies
2015 Transmission Cost of Service Formula Rate
Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP OKLAHOMA TRANSMISSION COMPANY, INC

SUPPORTING CALCULATIONS

In										
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF									
123	Total transmission plant	(In 18, 19, 20, 21)								424,309,770
124	Less transmission plant excluded from SPP Tariff	(Note Q)								-
125	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note R)								-
126	Transmission plant included in SPP Tariff	(In 123 - In 124 - In 125)								424,309,770
127	Percent of transmission plant in SPP Tariff	(In 126 / In 123)							TP=	1.0000
128	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total					
129	<i>Line Deliberately Left Blank</i>									
130	Transmission	354.21.b	0	243,581	243,581	TP	1.00000			243,581
131	Regional Market Expenses	354.22.b	0	-	-	NA	0.00000			-
132	<i>Line Deliberately Left Blank</i>									
133	Other (Excludes A&G)	354.24,25,26.b	0	476	476	NA	0.00000			-
134	Total	(sum Ins 129 to 133)	0	244,057	244,057					243,581
135	Transmission related amount								W/S=	0.9980
	STAND ALONE (Note T)									
136	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
137		Long Term Interest (Worksheet M, In. 24, col. (D))								6,576,071
138		Preferred Stock Dividends (Worksheet M, In. 30, col. (D))								-
139		Development of Common Stock:								
140		Proprietary Capital (112.16.c)								192,154,562
141		Less Preferred Stock (In 147)								-
142		Less Account 216.1 (112.12.c)								-
143		Less Account 219.1 (112.15.c)								-
144		Common Stock (In 140 - In 141 - In 142 - In 143)								192,154,562
145										
146	Long Term Debt (Worksheet M, In. 24, col. (B))		180,100,000	48.38%	0.500		3.65%			1.83%
147	Preferred Stock (Worksheet M, In. 30, col. (B))		-	0.00%	-		-			0.00%
148	Common Stock (In 144) (Note U)		192,154,562	51.62%	0.500		11.2%			5.60%
149	Total (sum Ins 146 to 148)		372,254,562						WACC=	7.43%
150	Capital Structure Equity Limit (Note U)		50.0%							
	PUBLIC SERVICE COMPANY OF OKLAHOMA (Note T)									
151	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
152		Long Term Interest (PSO FR Worksheet M, In. 17, col. (D))								53,970,126
153		Preferred Stock Dividends (PSO FR Worksheet M, In. 21, col. (D))								-
154		Development of Common Stock:								
155		Proprietary Capital (112.16.c)								1,028,214,326
156		Less Preferred Stock (In 162)								-
157		Less Account 216.1 (112.12.c)								-
158		Less Account 219.1 (112.15.c)								4,942,636
159		Common Stock (In 155 - In 156 - In 157 - In 158)								1,023,271,690
160										
161	Long Term Debt (257.33.h)		1,043,989,728	50.50%	-		5.17%			2.61%
162	Preferred Stock (251.f)		-	0.00%	-		-			0.00%
163	Common Stock (In 159) (Note U)		1,023,271,690	49.50%	-		11.2%			5.54%
164	Total (sum Ins 161 to 163)		2,067,261,418						WACC=	8.15%
165	Capital Structure Equity Limit (Note U)		52.5%							

NOTE: All WACC related entries below sourced from PSO's FF1 or Template

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate 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 74 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 118.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 108) multiplied by $(1/1-T)$. If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 5.66% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T The Capital Structure of AEP OKLAHOMA TRANSMISSION COMPANY, INC will be based on the Capital Structure of PSO until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (In 152) / long term debt (In 161). Preferred Stock cost rate = preferred dividends (In 153) / preferred outstanding (In 162).
 Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 50% of AEP OKLAHOMA TRANSMISSION COMPANY, INC's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value can only change via an approved 205 or 206 filing.

AEP TRANSMISSION HOLDING COMPANY
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.			Total	Allocator	Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(In 284)			39,905,873
167	REVENUE CREDITS	(Note A)			
168	Transmission Credits	(Worksheet H)	1,605,736	DA 1.00000	1,605,736
169	Assoc. Business Development	(Worksheet H)	-	DA 1.00000	-
170	Total Revenue Credits		1,605,736		1,605,736
171	REVENUE REQUIREMENT For All Company Facilities	(In 166 less In 170)			38,300,136
MEMO: The Carrying Charge Calculations on lines 174 to 179 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 172 is included in the total on line 171.					
172	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives)	(Worksheet F)	12,174,626	DA 1.00000	12,174,626
173	NET PLANT CARRYING CHARGE	(w/o incentives) (Note B)			
174	Annual Rate	(In 166/ In 211 x 100%)			11.94%
175	Monthly Rate	(In 174 / 12)			1.00%
176	NET PLANT CARRYING CHARGE ON LINE 174 , W/O DEPRECIATION (w/o incentives) (Note B)				
177	Annual Rate	((In 166 - In 259) / In 211 x 100%)			10.17%
178	NET PLANT CARRYING CHARGE ON LINE 176, W/O INCOME TAXES, RETURN (Note B)				
179	Annual Rate	((In 166 - In 259 - In 281 - In 282) / In 211 x 100%)			1.49%
180	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)				0.00%

AEP TRANSMISSION HOLDING COMPANY
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(1) RATE BASE CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total NOTE D	(4) Allocator	(5) Total Transmission
181	GROSS PLANT IN SERVICE				
182	<i>Line Deliberately Left Blank</i>				
183	Transmission	(Worksheet A In 3.C & Ln 291)	343,503,522	DA	343,503,522
184	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 1.00000	-
185	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
186	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
187	<i>Line Deliberately Left Blank</i>				
188	<i>Line Deliberately Left Blank</i>				
189	General Plant	(Worksheet A In 7.C)	-	W/S 1.00000	-
190	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S 1.00000	-
191	Intangible Plant	(Worksheet A In 9.C)	1,571,800	W/S 1.00000	1,571,800
192	TOTAL GROSS PLANT	(sum Ins 181 to 191)	345,075,322	GP(h)= 1.00000 GTD= 1.00000	345,075,322
193	ACCUMULATED DEPRECIATION AND AMORTIZATION				
194	<i>Line Deliberately Left Blank</i>				
195	<i>Line Deliberately Left Blank</i>				
196	Transmission	(Worksheet A In 14.C & 28.C)	9,319,430	TP1= 1.00000	9,319,430
197	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 1.00000	-
198	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
199	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
200	Plus: Additional Transmission Depreciation for 2015 (In 259)		N/A	TP1 1.00000	N/A
201	Plus: Additional General & Intangible Depreciation for 2015 (In 261+In 262)		N/A	W/S 1.00000	N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
203	<i>Line Deliberately Left Blank</i>				
204	<i>Line Deliberately Left Blank</i>				
205	General Plant	(Worksheet A In 18.C)	-	W/S 1.00000	-
206	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S 1.00000	-
207	Intangible Plant	(Worksheet A In 20.C)	371,603	W/S 1.00000	371,603
208	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 194 to 207)	9,691,033		9,691,033
209	NET PLANT IN SERVICE				
210	<i>Line Deliberately Left Blank</i>				
211	Transmission	(In 183 + In 184 - In 196 - In 197)	334,184,092		334,184,092
212	Plus: Transmission Plant-in-Service Additions (In 185 - In 198)		N/A		N/A
213	Plus: Additional Trans Plant on Transferred Assets (In 186 - In 199)		N/A		N/A
214	Plus: Additional Transmission Depreciation for 2015 (-In 200)		N/A		N/A
215	Plus: Additional General & Intangible Depreciation for 2015 (-In 201)		N/A		N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 202)		N/A		N/A
217	<i>Line Deliberately Left Blank</i>				
218	General Plant	(In 189 + In 190 - In 205 - In 206)	-		-
219	Intangible Plant	(In 191 - In 207)	1,200,197		1,200,197
220	TOTAL NET PLANT IN SERVICE	(sum Ins 210 to 219)	335,384,289	NP(h)= 1.00000	335,384,289
221	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
222	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
223	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(63,362,295)	DA	(63,358,904)
224	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(14,512,655)	DA	(11,480,341)
225	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	12,701,510	DA	4,018,119
226	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
227	TOTAL ADJUSTMENTS	(sum Ins 222 to 226)	(65,173,440)		(70,821,125)
228	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
228a	REGULATORY ASSETS	(Worksheet A In NOTE 1 . (C))	-	DA	-
229	WORKING CAPITAL	(Note F)			
230	Cash Working Capital	(1/8 * In 245) (Note G)	94,197		94,197
231	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP 1.00000	-
232	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S 1.00000	-
233	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 1.00000	-
234	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S 1.00000	-
235	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	59,417	GP(h) 1.00000	59,417
236	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	13,500	DA 1.00000	13,500
237	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA 0.00000	-
238	TOTAL WORKING CAPITAL	(sum Ins 230 to 237)	167,114		167,114
239	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	-	DA 1.00000	-
240	RATE BASE (sum Ins 220, 227, 228, 238, 239)		270,377,963		264,730,278

AEP TRANSMISSION HOLDING COMPANY
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
241	Transmission	321.112.b	764,804		
242	Less: Total Account 561	(Note I) 321.84-92.b	11,227		
243	Less: Account 565	(Note J) 321.96.b	-		
244	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	-		
245	Total O&M Allocable to Transmission	(lns 241 - 242 - 243 - 244)	753,577	TP 1.00000	753,577
246	Administrative and General	323.197.b (Note K)	1,450,737		
247	Less: Acct. 924, Property Insurance	323.185.b	88,138		
248	Acct. 928, Reg. Com. Exp.	323.189.b	-		
249	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
250	Acct. 930.2, Misc. Gen. Exp.	323.192.b	31,363		
251	Balance of A & G	(ln 246 - sum ln 247 to ln 250)	1,331,236	W/S 1.00000	1,331,236
252	Plus: Acct. 924, Property Insurance	(ln 247)	88,138	GP(h) 1.00000	88,138
253	Acct. 928 - Transmission Specific	Worksheet J ln 9.(E) (Note L)	-	TP 1.00000	-
254	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 26.(E) (Note L)	-	TP 1.00000	-
255	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 32.(E) (Note L)	-	DA 1.00000	-
255a	PBOP Adjustment	Worksheet O ln 16.B	29,274	DA 1.00000	29,274
256	A & G Subtotal	(sum lns 251 to 255 less ln 255a)	1,448,648		1,448,648
257	TOTAL O & M EXPENSE	(ln 245 + ln 256)	2,202,225		2,202,225
258	DEPRECIATION AND AMORTIZATION EXPENSE				
259	Transmission	336.7.f	5,911,259	TP 1.00000	5,911,259
260	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
260a	Plus: Formation Costs Amortization	(Worksheet A ln 37.C)	14,056	DA 1.00000	14,056
261	General	336.10.f	-	W/S 1.00000	-
262	Intangible	336.1.f	218,615	W/S 1.00000	218,615
263	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 259 to 262)	6,143,930		6,143,930
264	TAXES OTHER THAN INCOME				
265	Labor Related	(Note N)			
266	Payroll	Worksheet L, Col. D	-	W/S 1.00000	-
267	Plant Related				
268	Property	Worksheet L, Col. C	2,530,749	GP(h) 1.00000	2,530,749
269	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA 0.00000	-
270	Other	Worksheet L, Col. E	19,975	GP(h) 1.00000	19,975
271	TOTAL OTHER TAXES	(sum lns 266 to 270)	2,550,724		2,550,724
272	INCOME TAXES				
273	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		38.68%		
274	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		47.57%		
275	where WCLTD=(ln 311) and WACC = (ln 314)				
276	and FIT, SIT & p are as given in Note O.				
277	$GRCF=1 / (1 - T) =$ (from ln 273)		2		
278	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
279	Income Tax Calculation	(ln 274 * ln 282)	9,550,483		9,350,991
280	ITC adjustment	(ln 277 * ln 278)	-	NP(h) 1.00000	-
281	TOTAL INCOME TAXES	(sum lns 279 to 280)	9,550,483		9,350,991
282	RETURN ON RATE BASE (Rate Base*WACC)	(ln 240 * ln 314)	20,077,381.01		19,658,002.45
283	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		-	DA 1.00000	-
284	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		40,524,743		39,905,873
285	(sum lns 257, 263, 271, 281, 282, 283)				
286	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
287	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		40,524,743		39,905,873

AEP TRANSMISSION HOLDING COMPANY
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
288	Total transmission plant	(In 183)						343,503,522
289	Less transmission plant excluded from SPP Tariff	(Note Q)						-
290	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note R)						-
291	Transmission plant included in SPP Tariff	(In 288 - In 289 - In 290)						343,503,522
292	Percent of transmission plant in SPP Tariff	(In 291 / In 288)					TP=	1.0000
293	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
294	<i>Line Deliberately Left Blank</i>							
295	Transmission	354.21.b	0	243,581	243,581	TP	1.00000	243,581
296	Regional Market Expenses	354.22.b	0	-	-	NA	0.00000	-
297	<i>Line Deliberately Left Blank</i>							
298	Other (Excludes A&G)	354.24,25,26.b	0	476	476	NA	0.00000	-
299	Total	(sum Ins 294 to 298)	0	244,057	244,057			243,581
300	Transmission related amount						W/S=	0.9980
STAND ALONE (Note T)								
301	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
302		Long Term Interest (Worksheet M, In. 24, col. (D))						6,576,071
303		Preferred Stock Dividends (Worksheet M, In. 30, col. (D))						-
304		Development of Common Stock:						
305		Proprietary Capital (112.16.c)						192,154,562
306		Less Preferred Stock (In 312)						-
307		Less Account 216.1 (112.12.c)						-
308		Less Account 219.1 (112.15.c)						-
309		Common Stock (In 305 - In 306 - In 307 - In 308)						192,154,562
310			Capital Structure Percentages			Cost		Weighted
311	Long Term Debt (Worksheet M, In. 24, col. (B))	\$ 180,100,000	Actual	Cap Limit		(Note T)		
312	Preferred Stock (Worksheet M, In. 30, col. (B))	-	48.38%	0.500		3.65%		1.83%
313	Common Stock (In 309) (Note U)	192,154,562	0.00%	-		-		0.00%
314	Total (sum Ins 311 to 313)	372,254,562	51.62%	0.500		11.2%		5.60%
						WACC=		7.43%
315	Capital Structure Equity Limit (Note U)	50.0%						
PUBLIC SERVICE COMPANY OF OKLAHOMA (Note T)								
316	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
317		Long Term Interest (PSO FR Worksheet M, In. 17, col. (D))						53,970,126
318		Preferred Stock Dividends (PSO FR Worksheet M, In. 21, col. (D))						-
319		Development of Common Stock:						
320		Proprietary Capital (112.16.c)						1,028,214,326
321		Less Preferred Stock (In 327)						-
322		Less Account 216.1 (112.12.c)						-
323		Less Account 219.1 (112.15.c)						4,942,636
324		Common Stock (In 320 - In 321 - In 322 - In 323)						1,023,271,690
325			Capital Structure Percentages			Cost		Weighted
326	Long Term Debt (PSO WS-M, In. 17, col. (B))	\$ 1,043,989,728	Actual	Cap Limit		(Note T)		
327	Preferred Stock (PSO WS-M, In. 21, col. (B))	-	50.50%	-		5.17%		2.61%
328	Common Stock (In 324) (Note U)	1,023,271,690	0.00%	-		-		0.00%
329	Total (sum Ins 326 to 328)	2,067,261,418	49.50%	-		11.2%		5.54%
						WACC=		8.15%
330	Capital Structure Equity Limit (Note U for PSO)	52.5%						

NOTE: All WACC related entries below sourced from PSO's FF1 or Template

AEP TRANSMISSION HOLDING COMPANY
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 180 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 245.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line 239 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 283.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 273) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT = | 5.66% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T The Capital Structure of AEP OKLAHOMA TRANSMISSION COMPANY, INC will be based on the Capital Structure of PSO until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (In 317) / long term debt (In 326). Preferred Stock cost rate = preferred dividends (In 318) / preferred outstanding (In 327). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, AEP OKLAHOMA TRANSMISSION COMPANY, INC equity is limited to 50% of AEP OKLAHOMA TRANSMISSION COMPANY, INC's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 106)				\$36,313,292
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	1,605,736	DA	1.00000	\$ 1,605,736
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
5	Total Revenue Credits		1,605,736			\$ 1,605,736
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				\$34,707,556
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)		6,150,575	DA	1.00000	\$ 6,150,575
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100%)				12.85%
10	Monthly Rate	(ln 9 / 12)				1.07%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 82) / ln 39 x 100%)				10.75%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 82 - ln 103 - ln 104) / ln 39 x 100%)				1.77%
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 2014 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

	(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	<i>Line Deliberately Left Blank</i>				
17	<i>Line Deliberately Left Blank</i>				
18	Transmission	(Worksheet A In 3.E & Ln 113)	289,295,210	DA	289,295,210
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	-
20	<i>Line Deliberately Left Blank</i>				
21	<i>Line Deliberately Left Blank</i>				
22	General Plant	(Worksheet A In 7.E)	-	W/S	-
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
24	Intangible Plant	(Worksheet A In 9.E)	1,184,395	W/S	1,184,395
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	290,479,605	GP(TU)=	290,479,605
				GTD=	1.00000
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	<i>Line Deliberately Left Blank</i>				
28	<i>Line Deliberately Left Blank</i>				
29	Transmission	(Worksheet A In 14.E & 28.E)	6,599,803	TP1=	6,599,803
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	-
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	General Plant	(Worksheet A In 18.E)	-	W/S	-
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	-
35	Intangible Plant	(Worksheet A In 20.E)	262,296	W/S	262,296
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	6,862,099		6,862,099
37	NET PLANT IN SERVICE				
38	<i>Line Deliberately Left Blank</i>				
39	Transmission	(In 18 + In 19 - In 29 - In 30)	282,695,407		282,695,407
40	<i>Line Deliberately Left Blank</i>				
41	General Plant	(In 22 + In 23 - In 33 - In 34)	-		-
42	Intangible Plant	(In 24 - In 35)	922,099		922,099
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	283,617,506	NP(TU)=	283,617,506
				1.00000	
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)	(54,626,962)	DA	(54,625,635)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(12,583,958)	DA	(9,826,414)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	14,692,963	DA	6,804,255
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(52,517,958)		(57,647,794)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
51a	REGULATORY ASSETS	(Worksheet A In NOTE 1 . (E))	-	DA	-
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	94,197		94,197
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	-	TP	-
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	-	W/S	-
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	-	W/S	-
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	50,647	GP(TU)	50,647
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	22,500	DA	22,500
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	-	NA	-
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	167,344		167,344
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	-	DA	-
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		231,266,892		226,137,056

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
64	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	764,804		
65	Less: Total Account 561	(Note I) 321.84-92.b	11,227		
66	Less: Account 565	(Note J) 321.96.b	-		
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)	753,577	TP	1.00000 753,577
69	Administrative and General	323.197.b (Note K)	1,450,737		
70	Less: Acct. 924, Property Insurance	323.185.b	88,138		
71	Acct. 928, Reg. Com. Exp.	323.189.b	-		
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	31,363		
74	Balance of A & G	(In 69 - sum In 70 to In 73)	1,331,236	W/S	1.00000 1,331,236
75	Plus: Acct. 924, Property Insurance	(In 70)	88,138	GP(TU)	1.00000 88,138
76	Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	-	TP	1.00000 -
77	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	-	GP(TU)	1.00000 -
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 32.(E) (Note L)	-	DA	1.00000 -
78a	PBOP Adjustment	Worksheet O In 16.B	29,274	DA	1.00000 29,274
79	A & G Subtotal	(sum Ins 74 to 78 less In 78a)	1,448,648		1,448,648
80	TOTAL O & M EXPENSE	(In 68 + In 79)	2,202,225		2,202,225
81	DEPRECIATION AND AMORTIZATION EXPENSE				
82	Transmission	336.7.f	5,911,259	TP	1.00000 5,911,259
83	General	336.10.f	-	W/S	1.00000 -
83a	Plus: Formation Costs Amortization	(Worksheet A In 37.E)	21,083	DA	1.00000 21,083
84	Intangible	336.1.f	218,615	W/S	1.00000 218,615
85	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 82 to 84)	6,150,957		6,150,957
86	TAXES OTHER THAN INCOME	(Note N)			
87	Labor Related				
88	Payroll	Worksheet L, Col. D	-	W/S	1.00000 -
89	Plant Related				
90	Property	Worksheet L, Col. C	2,530,749	GP(TU)	1.00000 2,530,749
91	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000 -
92	Other	Worksheet L, Col. E	19,975	GP(TU)	1.00000 19,975
93	TOTAL OTHER TAXES	(sum Ins 88 to 92)	2,550,724		2,550,724
94	INCOME TAXES	(Note O)			
95	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.68%		
96	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		45.85%		
97	where WCLTD=(In 133) and WACC = (In 136)				
98	and FIT, SIT & p are as given in Note O.				
99	$GRCF=1 / (1 - T) =$ (from In 95)		1.6308		
100	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
101	Income Tax Calculation	(In 96 * In 104)	8,168,974		7,987,774
102	ITC adjustment	(In 99 * In 100)	-	NP(TU)	1.00000 -
103	TOTAL INCOME TAXES	(sum Ins 101 to 102)	8,168,974		7,987,774
104	RETURN ON RATE BASE (Rate Base*WACC)	(In 63 * In 136)	17,816,815.42		17,421,613
105	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA	1.00000 -
106	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		36,889,695		36,313,292
107	(sum Ins 80, 85, 93, 103, 104, 105)				
108	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
109	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		36,889,695		36,313,292

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
110	Total transmission plant	(In 18)						289,295,210
111	Less transmission plant excluded from SPP Tariff (Note Q)							-
112	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							-
113	Transmission plant included in SPP Tariff	(In 110 - In 111 - In 112)						289,295,210
114	Percent of transmission plant in SPP Tariff	(In 113 / In 110)					TP=	1.00000
115	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total		
116	<i>Line Deliberately Left Blank</i>							
117	Transmission	354.21.b		0	243,629	243,629	TP	1.00000
118	Regional Market Expenses	354.22.b		0	0	-	NA	0.00000
119	<i>Line Deliberately Left Blank</i>							
120	Other (Excludes A&G)		0	0	0	-	NA	0.00000
121	Total	(sum Ins 116 to 120)		0	243,629	243,629		
122	Transmission related amount						W/S=	1.00000
	STAND ALONE (Note T)							
123	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
124	Long Term Interest	Long Term Interest (Worksheet N, In. 18, col. (E))						6,576,071
125	Preferred Dividends	Preferred Stock Dividends (Worksheet N, In. 47, col. (E))						-
126	<u>Development of Common Stock:</u>							Average
127	Proprietary Capital	(Worksheet N, In. 1, col. (E))						167,193,838
128	Less Preferred Stock (In 134)	(Worksheet N, In. 2, col. (E))						-
129	Less Account 216.1	(Worksheet N, In. 3, col. (E))						-
130	Less Account 219	(Worksheet N, In. 4, col. (E))						-
131	Common Stock	(In 127 - In 128 - In 129 - In 130)						167,193,838
132		2015 Avg Balances		Capital Structure Percentages			Cost (Note S)	Weighted
133	Avg Long Term Debt (Worksheet N, In. 10, col. (E))	156,275,000		Actual	Cap Limit			
134	Avg Preferred Stock (Worksheet N, In. 46, col. (E))	-		48.31%	50.00%		4.21%	0.0210
135	Avg Common Stock (In 131) (Note U)	167,193,838		0.00%	0.00%		0.00%	0.0000
136	Total (sum Ins 133 to 135)	323,468,838		51.69%	50.00%		11.20%	0.0560
							WACC=	0.0770
137	Capital Structure Equity Limit (Note U)	50.0%						
	PUBLIC SERVICE COMPANY OF OKLAHOMA (Note T)							
138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
139	Long Term Interest	Long Term Interest (PSO FR Worksheet N, In. 19, col. (E))						54,135,555
140	Preferred Dividends	Preferred Stock Dividends (PSO FR Worksheet N, In. 47, col. (E))						-
141	<u>Development of Common Stock:</u>							Average
142	Proprietary Capital	(PSO Worksheet N, In. 1, col. (E))						985,157,431
143	Less Preferred Stock (In 149)	(PSO Worksheet N, In. 2, col. (E))						-
144	Less Account 216.1	(PSO Worksheet N, In. 3, col. (E))						-
145	Less Account 219	(PSO Worksheet N, In. 4, col. (E))						5,350,008
146	Common Stock	(In 142 - In 143 - In 144 - In 145)						979,807,423
147		2014 Avg Balances		Capital Structure Percentages			Cost (Note S)	Weighted
148	Avg Long Term Debt (PSO WS-N, In. 10, col. (E))	1,023,547,015		Actual	Cap Limit			
149	Avg Preferred Stock (PSO WS-N, In. 46, col. (E))	-		51.09%	0.00%		5.29%	0.0270
150	Avg Common Stock (In 146) (Note U)	979,807,423		0.00%	0.00%		0.00%	0.0000
151	Total (sum Ins 148 to 150)	2,003,354,438		48.91%	0.00%		11.20%	0.0548
							WACC=	0.0818
152	Capital Structure Equity Limit (PSO Note U)	52.5%						

NOTE: All WACC related entries below sourced from PSO's FF1 or Template

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP OKLAHOMA TRANSMISSION COMPANY, INC

Letter

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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 62 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 105.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 95) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 5.66% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T The Capital Structure of AEP OKLAHOMA TRANSMISSION COMPANY, INC will be based on the Capital Structure of PSO until AEP OKLAHOMA TRANSMISSION COMPANY, INC establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS.
 Long Term Debt cost rate = long-term interest (In 139) / long term debt (In 148). Preferred Stock cost rate = preferred dividends (In 140) / preferred outstanding (In 149).
 Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 50% of AEP OKLAHOMA TRANSMISSION COMPANY, INC's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
2015 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
AEP OKLAHOMA TRANSMISSION COMPANY, INC

<u>Line Number</u>	<u>(A) Rate Base Item & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2014</u>	<u>(D) Balances 12/31/2013</u>	<u>(E) Average Balance for 2014</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
<u>Plant Investment Balances</u>					
1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	343,503,522	235,086,898	289,295,210
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	1,571,800	796,989	1,184,395
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	345,075,322	235,883,887	290,479,605
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
<u>Accumulated Depreciation & Amortization Balances</u>					
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	9,319,430	3,880,176	6,599,803
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	371,603	152,988	262,296
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	9,691,033	4,033,164	6,862,099
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
<u>Generation Step-Up Units</u>					
23	GSU Investment Amount	Company Records	-	-	-
24	GSU Accumulated Depreciation	Company Records	-	-	-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<u>Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation</u>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	9,319,430	3,880,176	6,599,803
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	9,319,430	3,880,176	6,599,803
<u>Plant Held For Future Use</u>					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records	-	-	-
<u>Regulatory Assets and Liabilities Approved for Recovery In Ratebase</u>					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
31	Beginning Balance of Regulatory Asset (Note 1)		14,056	42,164	28,110
32	Amortization in Months		6	18	12
33	Monthly Amortization	(line 31 / line 32)	2,343	2,342	2,343
34	Months in 2014 to be amortized		6	12	9
35	Amortization Expense in 2014 Year	(line 33 X line 34)	14,056	28,109	21,083
36	Months in 2015 to be amortized		-	6	3
37	Amortization Expense in 2015 Year	(line 33 X line 36)	0	14,055	7,027
38	Ending Balance of Regulatory Asset	(line 31 - line 35)	0	14,055	7,027
39	Average Balance of Regulatory Asset	(line 31 + line 38)/2	7,028	28,109	17,569
40	Unamortized Balance of Regulatory Asset at YE 2014 (Note 1)		0	14,055	7,027
41	Total Regulatory Deferrals Included in Ratebase		0	0	0

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

AEP TRANSMISSION HOLDING COMPANY
2015 Cost of Service Formula Rate Projected on 2014 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
AEP OKLAHOMA TRANSMISSION COMPANY, INC

I. Calculation of Composite Depreciation Rate

<u>STAND ALONE (Note 1)</u>		
1	Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)):	235,086,898
2	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	<u>343,503,522</u>
3		578,590,420
4	Average Balance of Transmission Investment	289,295,210
5	Annual Depreciation Expense, Historic TCOS, In 259	5,911,259
6	Composite Depreciation Rate	2.04%
7	Average Depreciable Life (Years)	49
 <u>PUBLIC SERVICE COMPANY OF OKLAHOMA (Note 1)</u>		
8	Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)):	<u>731,312,125</u>
9	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	<u>788,910,811</u>
10		1,520,222,936
11	Average Balance of Transmission Investment	760,111,468
12	Annual Depreciation Expense, PSO Historic TCOS, In 246	<u>13,573,587</u>
13	Composite Depreciation Rate	1.79%
14	Average Depreciable Life (Years)	56

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

15	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
16	January	\$ 510,744	2.04%	\$ 10,436	\$ 870	11	\$ 9,566
17	February		2.04%	\$ -	\$ -	10	\$ -
18	March		2.04%	\$ -	\$ -	9	\$ -
19	April		2.04%	\$ -	\$ -	8	\$ -
20	May	\$ 9,675,685	2.04%	\$ 197,705	\$ 16,475	7	\$ 115,328
21	June	\$ 6,102,962	2.04%	\$ 124,703	\$ 10,392	6	\$ 62,351
22	July	\$ 2,207,590	2.04%	\$ 45,108	\$ 3,759	5	\$ 18,795
23	August		2.04%	\$ -	\$ -	4	\$ -
24	September	\$ 600,419	2.04%	\$ 12,268	\$ 1,022	3	\$ 3,067
25	October	\$ 2,960,000	2.04%	\$ 60,482	\$ 5,040	2	\$ 10,080
26	November		2.04%	\$ -	\$ -	1	\$ -
27	December	\$ 58,748,848	2.04%	\$ 1,200,426	\$ 100,035	0	\$ -
28	Investment	<u>\$ 80,806,248</u>				Depreciation Expense	<u>\$ 219,188</u>

III. Plant Transferred

29	\$ -	<== This input area is for original cost plant
30	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
31 (Ln 14 * Ln 29)	\$ -	<== This input area is for additional Depreciation Expense

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

AEP TRANSMISSION HOLDING COMPANY
 2015 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission Plant Related	(I) Labor Related	(J) Total Included in Rate base (E)+(F)+(G)+(H)
Account 282 - Form-1 page 274-275, Ln 2 Col. (k)									
282 Balance to Use in Projection									
1	282.1	2014 Year End Tax Deferrals - Ws C-1	(63,362,295)	(2,654)	(62,981,455)	-	-	(378,186)	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	99.8050%	
3	282.1	Allocated Total		0	(62,981,455)	0	0	(377,449)	(63,358,904)
282 Balance to Use in True-Up									
4	282.1	2014 Year End Tax Deferrals - Ws C-1	(63,362,295)	(2,654)	(62,981,455)	-	-	(378,186)	
5	282.1	2013 Year End Tax Deferrals - Ws C-2	(45,891,629)	-	(45,684,354)	-	-	(207,274)	
6		Subtotal	(109,253,924)	(2,654)	(108,665,809)	-	-	(585,461)	
7		Average Balance	(54,626,962)	(1,327)	(54,332,904)	0	0	(292,730)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
9		Allocated Total		0	(54,332,904)	0	0	(292,730)	(54,625,635)
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2014 Year End Tax Deferrals - Ws C-1	(14,512,655)	(3,032,314)	(11,480,341)	-	-	-	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	99.8050%	
12	283.1	Allocated Total		0	(11,480,341)	0	0	0	(11,480,341)
283 Balance to Use in True-Up									
13	283.1	2014 Year End Tax Deferrals - Ws C-1	(14,512,655)	(3,032,314)	(11,480,341)	-	-	-	
14	283.1	2013 Year End Tax Deferrals - Ws C-2	(10,655,262)	(2,482,775)	(8,172,487)	-	-	-	
15		Subtotal	(25,167,917)	(5,515,089)	(19,652,828)	-	-	-	
16		Average Balance	(12,583,958)	(2,757,544)	(9,826,414)	0	0	0	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
18		Allocated Total		0	(9,826,414)	0	0	0	(9,826,414)
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2014 Year End Tax Deferrals - Ws C-1	12,701,510	8,683,391	4,018,119	-	-	-	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	99.8050%	
21	190.1	Allocated Total		0	4,018,119	0	0	0	4,018,119
190 Balance to Use in True-Up									
22	190.1	2014 Year End Tax Deferrals - Ws C-1	12,701,510	8,683,391	4,018,119	-	-	-	
23	190.1	2013 Year End Tax Deferrals - Ws C-2	16,684,415	7,094,025	9,590,391	-	-	-	
24		Subtotal	29,385,925	15,777,415	13,608,510	-	-	-	
25		Average Balance	14,692,963	7,888,708	6,804,255	0	0	0	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
27		Allocated Total		0	6,804,255	0	0	0	6,804,255
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255.0	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-						
29	255.0	Transmission Allocator from Historic TCOS [GP or W/S]				100.0000%			
30	255.0	Allocated Total		N/A	N/A	0	N/A	N/A	0
255 Balance to Use in True-Up									
31	255.0	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-						
32	255.0	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 266, Ln 2.b)	-						
33		Subtotal	-						
34		Average Balance	0			0			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				100.0000%			
36		Allocated Total		N/A	N/A	0	N/A	N/A	0

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

Worksheet C-2 - ADIT & ITC Details

AEP OKLAHOMA TRANSMISSION COMPANY
 DETAIL OF DEFERRED INCOME TAX BALANCES
 AS OF DECEMBER 31, 2014

Account	Line #	Description	Balance	Allocation Basis	Exclusions	Allocation Method			Labor
						100% Transmission	Line Deliberately Left Blank	Line Deliberately Left Blank	
2821001	230A	ACRS BENEFIT NORMALIZED	(64,434,806)	T		(64,434,806)			
2821001	230X	R & D DEDUCTION - SEC 174	(2,654)	E	(2,654)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	237	T		237			
2821001	320A	ABFUDC	(1,392,380)	T		(1,392,380)			
2821001	380J	INT EXP CAPITALIZED FOR TAX	2,897,665	T		2,897,665			
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(378,186)	Labor					(378,186)
2821001	910K	REMOVAL CST	(52,172)	T		(52,172)			
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(63,362,295)		(2,654)	(62,981,455)	0	0	(378,186)
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	63,362,295						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	(3,032,314)	E	(3,032,314)				
2831001	664J	REG ASSET-TRANSCO PRE-FORMATION COSTS	(0)	T		(0)			
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(11,480,341)	T		(11,480,341)			
2831001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(14,512,655)		(3,032,314)	(11,480,341)	0	0	0
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	14,512,655						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	612	E	612				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	4,018,119	T		4,018,119			
1901001	960E	AMT CREDIT - DEFERRED	19,024	E	19,024				
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS	0	T		0			
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	8,663,755	E	8,663,755				
1901001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	12,701,510		8,683,391	4,018,119	0	0	0
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	12,701,510						

Worksheet C-1 - ADIT & ITC Details

AEP OKLAHOMA TRANSMISSION COMPANY
 DETAIL OF DEFERRED INCOME TAX BALANCES
 AS OF DECEMBER 31, 2013

Account	Line #	Description	Balance	Allocation Basis	Exclusions	Allocation Method			Labor
						100% Transmission	Line Deliberately Left Blank	Line Deliberately Left Blank	
2821001	230A	ACRS BENEFIT NORMALIZED	(46,403,111)	T		(46,403,111)			
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	16,735	T		16,735			
2821001	320A	ABFUDC	(714,691)	T		(714,691)			
2821001	380J	INT EXP CAPITALIZED FOR TAX	1,412,180	T		1,412,180			
	712K	CAPITALIZED SOFTWARE COST-BOOK	(207,274)	Labor					(207,274)
2821001	910K	REMOVAL CST	4,533	T		4,533			
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(45,891,629)		0	(45,684,354)	0	0	(207,274)
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	45,891,629						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	(2,482,775)	E	(2,482,775)				
2831001	664J	REG ASSET-TRANSCO PRE-FORMATION COSTS	(4,919)	T		(4,919)			
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(8,167,568)	T		(8,167,568)			
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(10,655,262)		(2,482,775)	(8,172,487)	0	0	0
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	10,655,262						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	383	E	383				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	2,858,649	T		2,858,649			
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS	6,731,742	T		6,731,742			
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	7,093,642	E	7,093,642				
1901001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	16,684,415		7,094,025	9,590,391	0	0	0
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	16,684,416						

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
AEP OKLAHOMA TRANSMISSION COMPANY, INC

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
<u>Line Number</u>	<u>Source</u>	<u>Balance @ December 31, 2014</u> FF1, p. 227, Col. (c)	<u>Balance @ December 31, 2013</u> FF1, p. 227, Col. (b)	<u>Average Balance for Rate Year 2014</u>				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	0	0	-			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	0	0	-			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	-			

Prepayment Balance Summary

	<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, 2014	72,917	0	13,500	59,417	0	72,917
6	Totals as of December 31, 2013	73,376	0	31,500	41,876		73,376
7	Average Balance	<u>73,147</u>	<u>0</u>	<u>22,500</u>	<u>50,647</u>	<u>0</u>	<u>73,147</u>

Prepayments Account 165 - Balance @ 12/31/2014

8	<u>Acc. No.</u>	<u>Description</u>	<u>2014 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>
9	1650001	Prepaid Insurance	22,069	0		22,069	0	22,069
10	1650021	Prepaid Insurance - EIS	37,349			37,349	0	37,349
11	1650023	Prepaid Lease	13,500		13,500			13,500
12								-
13								-
14								-
15								-
16								-
17								-
18								-
	Subtotal - Form 1, p 111.57.c		<u>72,917</u>	<u>0</u>	<u>13,500</u>	<u>59,417</u>	<u>0</u>	<u>72,917</u>

Prepayments Account 165 - Balance @ 12/31/2013

19	<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>
20	1650001	Prepaid Insurance	2,409			2,409	0	2,409
21	1650021	Prepaid Insurance - EIS	39,468			39,468	0	39,468
22	1650023	Prepaid Lease	31,500		31,500			31,500
23								-
24								-
25								-
26								-
27								-
28								-
29								-
30	Subtotal - Form 1, p 111.57.c		<u>73,376</u>	<u>0</u>	<u>31,500</u>	<u>41,876</u>		<u>73,376</u>

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate
Worksheet E - IPP Credits
AEP OKLAHOMA TRANSMISSION COMPANY, INC

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers @ 12/31/2013 (2014 FORM 1, P269, (B))	-
2	Interest Accrual (company records)	-
3	Revenue Credits to Generators (company records)	-
4	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	-
6		-
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, (F))	-
8	Average Balance for 2014 ((ln 1 + ln 7) / 2)	-

AEP TRANSMISSION HOLDING COMPANY
 2015 Cost of Service Formula Rate Projected on 2014 FF1 Balances
Worksheet F - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects
 Based on a Carrying Charge Derived from Historic 2014 Data
AEP OKLAHOMA TRANSMISSION COMPANY, INC

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

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

ROE w/o incentives (Projected TCOS, In 163)		11.20%
Project ROE Incentive Adder (Enter as whole number)		0 basis points
ROE with additional 0 basis point incentive		11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 146 through 148)		
	%	Cost
Long Term Debt	50.00%	0.0365
Preferred Stock	0.00%	0.0000
Common Stock	50.00%	0.1120
		Weighted cost
		0.0183
		0.0000
		0.0560
		R = 0.0743

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS				
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2015	12,174,626	12,174,626	\$ -

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

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

Rate Base (Projected TCOS, In 75)	339,185,549
R (from A. above)	0.0743
Return (Rate Base x R)	25,186,807

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

Return (from B. above)	25,186,807
Tax Rate (Projected TCOS, In 105)	38.68%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	47.57%
Income Tax Calculation (Return x EIT)	11,980,953
ITC Adjustment (Projected TCOS, In 115)	-
Income Taxes	11,980,953

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

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

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

Net Revenue Requirement (Projected TCOS, In 122)	48,269,771
Return (Projected TCOS, In 117)	25,186,807
Income Taxes (Projected TCOS, In 116)	11,980,953
Gross Margin Taxes (Projected TCOS, In 121)	-
Net Revenue Requirement, Less Return and Taxes	11,102,011

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

Net Revenue Requirement, Less Return and Taxes	11,102,011
Return (from I.B. above)	25,186,807
Income Taxes (from I.C. above)	11,980,953
Net Revenue Requirement, with 0 Basis Point ROE increase	48,269,771
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	48,269,771
Less: Depreciation (Projected TCOS, In 94)	5,911,259
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	42,358,512

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

Net Revenue Requirement before Gross Margin Taxes, with 0	48,269,771
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)	408,859,892
Net Revenue Requirement, with 0 Basis Point ROE increase	48,269,771
FCR with 0 Basis Point increase in ROE	11.81%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	42,358,512
FCR with 0 Basis Point ROE increase, less Depreciation	10.36%
FCR less Depreciation (Projected TCOS, In 12)	10.31%
	0.05%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	235,086,898	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	343,503,522	<==From Input on Worksheet B
	578,590,420	
Transmission Plant Average Balance for 2014	289,295,210	
Annual Depreciation Expense (Historic TCOS, In 259)	5,911,259	
Composite Depreciation Rate	2.04%	
Depreciable Life for Composite Depreciation Rate	48.94	
Round to nearest whole year	49	

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

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

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

ROE w/o incentives (True-Up TCOS, In 150)			11.20%
Project ROE Incentive Adder (Enter as whole number)		0	basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 133 through 135)			
	%	Cost	Weighted cost
Long Term Debt	50.00%	0.0421	0.0210
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.00%	0.1120	0.0560
			R = 0.0770

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

Rate Base (True-Up TCOS, In 63)	226,137,056
R (from A. above)	0.0770
Return (Rate Base x R)	17,421,613

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

Return (from B. above)	17,421,613
Tax Rate (True-Up TCOS, In 95)	38.68%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	45.85%
Income Tax Calculation (Return x EIT)	7,987,774
ITC Adjustment (True-Up TCOS, In 102)	-
Income Taxes	7,987,774

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 109)	36,313,292
Return (True-Up TCOS, In 104)	17,421,613
Income Taxes (True-Up TCOS, In 103)	7,987,774
Gross Margin Taxes (True-Up TCOS, In 108)	-
Net Revenue Requirement, Less Return and Taxes	10,903,906

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

Net Revenue Requirement, Less Return and Taxes	10,903,906
Return (from I.B. above)	17,421,613
Income Taxes (from I.C. above)	7,987,774
Net Revenue Requirement, with 0 Basis Point ROE increase	36,313,292
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	36,313,292
Less: Depreciation (True-Up TCOS, In 82)	5,911,259
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	30,402,033

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)	36,313,292
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)	282,695,407
Net Revenue Requirement, with 0 Basis Point ROE increase	36,313,292
FCR with 0 Basis Point increase in ROE	12.85%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	30,402,033
FCR with 0 Basis Point ROE increase, less Depreciation	10.75%
FCR less Depreciation (True-Up TCOS, In 12)	10.75%
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)	235,086,898	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	343,503,522	<==From Input on Worksheet B
	578,590,420	
Transmission Plant Average Balance for 2014	289,295,210	
Annual Depreciation Expense (True-Up TCOS, In 82)	5,911,259	
Composite Depreciation Rate	2.04%	
Depreciable Life for Composite Depreciation Rate	48.94	
Round to nearest whole year	49	

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

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR SPP BPU & NON-BPU PROJECTS					
TRUE-UP YEAR	2014	Rev Require	W Incentives	Incentive Amounts	
Σ Prior Year Projected (WS-F)	\$	6,199,133	\$	6,199,133	\$ -
Σ Prior Year True-Up (WS-G)	\$	6,150,575	\$	6,150,575	\$ -
True-up Adjustment For 2014		(48,558)		(48,558)	\$ -

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 2014 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
AEP OKLAHOMA TRANSMISSION COMPANY, INC

Revenue Credits for

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

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

IV. Account 4560015, Revenues from Associated Business Development			
1 Account 4560015, Revenues from Associated Business Development			
V. Total Other Operating Revenues To Reduce Revenue Requirement			-

VI. Account 456.1, Revenues from Transmission of Electricity of Others			\$39,331,305
---	--	--	--------------

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

Less:

1 Transmission Direct Assignment Revenue (if costs not in the ARR)			
2 Sponsored Upgrade Revenue			
3 Credits against Transmission Service Revenue related to Generation Interconnections			
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			\$30,977,954
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			
7 Other Non-Transmission Revenue			
8 Revenue from SPP Ancillary Services Provided			
9 Base Plan Revenue (from SPP)			\$6,747,615
10 Flow Through of ERCOT Ancillary Charges			
11 Other			

Net Transmission Credits \$1,605,736

VII. Total Worksheet A Revenue Credits			<u>\$1,605,736</u>
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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 2014 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
AEP OKLAHOMA TRANSMISSION COMPANY, INC

1	Other Expenses		
2	Direct Assignment Charge		\$0
3	Sponsored Upgrades Charge		\$0
4	Firm and Non-Firm Point-To-Point Charges		\$0
5	Base Plan Charges		\$0
6	Schedule 9 Charges		\$0
7	SPP Schedule 12 - FERC Assessment		\$0
8	SPP Schedule 1-A		\$0
9	SPP Annual Assessment		\$0
10	Ancillary Services Expenses		\$0
11	Other		\$0
12	Other		\$0
13	Other		\$0
14	Total	(sum of lines 2 through 13)	<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 2014 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses
 AEP OKLAHOMA TRANSMISSION COMPANY, INC

<u>Line Number</u>	<u>(A) FERC Acct No.</u>	<u>(B) Description</u>	<u>(C) 2014 Expense</u>	<u>(D) 100% Non-Transmission</u>	<u>(E) 100% Transmission Specific</u>	<u>(F) Explanation</u>
		<u>Account 928</u>				
1						
2						
3						
4						
5						
6						
7						
8						
9		Total	-	-	-	
		<u>Account 930.1</u>				
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26		Total	-	-	-	
		<u>Account 930.2</u>				
27	9302000	MISC GENERAL EXPENSE	31,363	31,363	0	
28						
29						
30						
31						
32		Total	31,363	31,363	-	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
AEP OKLAHOMA TRANSMISSION COMPANY, INC

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2014

State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		100.00%	
Effective State Income Tax Rate			5.6600%
State Income Tax Rate - Ohio	Note 2	0.0000%	
Apportionment Factor		0.0000%	
Tax Phase-out Factor		0.0000%	
Effective State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			5.6600%

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

Note 2 --- The Ohio State Income Tax is being phased-out over a 5 year period and is being replaced with a Commercial 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 117 of Template)	Projected		Historic		True-Up	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		48,888,851	48,269,771	40,524,743	39,905,873	36,889,695	36,313,292
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 2014 FF1 Balances
Worksheet L - Taxes Other than Income
 AEP OKLAHOMA TRANSMISSION COMPANY, INC

HISTORIC PERIOD EXPENSE (2014) - 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						-
3	Real Estate and Personal Property Taxes					
4	Ad Valorem	2,530,749	2,530,749			
5			-			
6			-			
7			-			
8	Payroll Taxes					
9				-		
10				-		
11				-		
12	Line Deliberately Left Blank					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16					-	-
17	OK Franchise Tax	19,975			19,975	
18					-	-
19					-	-
20					-	-
21					-	-
22					-	-
23					-	-
24					-	-
25					-	-
26					-	-
26					-	-
27	Total Taxes by Allocable Basis	2,550,724	2,530,749	-	19,975	-
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	2,550,724				

AEP TRANSMISSION HOLDING COMPANY
 Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2014
AEP OKLAHOMA TRANSMISSION COMPANY, INC

(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>
Long Term Debt (FF1.p. 256-257.h)				
1 <u>Bonds - Acc 221</u>			-	
2				
3 <u>Reacquired Bonds - Total Account 222</u>			-	
4			-	
4			-	
5			-	
6 <u>Advances from Assoc Companies</u>				
7 Senior Notes, Series A, Tranch D, 4.78%	75,000,000	4.78%	3,585,000	p257 L5(h)
8 Senior Notes, Series A, Tranch E, 4.83%	7,500,000	4.83%	362,250	p257 L6(h)
9 Senior Notes, Series B, Tranch A, 2.73%	9,250,000	2.73%	252,525	p257 L7(h)
10 Senior Notes, Series B, Tranch B, 4.05%	11,100,000	4.05%	449,550	p257 L8(h)
11 Senior Notes, Series B, Tranch C, 4.38%	11,100,000	4.38%	486,180	p257 L9(h)
12 Senior Notes, Series B, Tranch D, 5.32%	18,500,000	5.32%	984,200	p257 L10(h)
13 Senior Notes, Series B, Tranch E, 5.42%	5,550,000	5.42%	200,540	p257 L11(h)
14 Senior Notes, Series B, Tranch F, 5.52%	5,000,000	5.52%	46,766	p257 L12(h)
15 Senior Notes, Series C, Tranch A, 2.68%	9,100,000	2.68%	31,840	p257 L13(h)
16 Senior Notes, Series C, Tranch B, 3.18%	5,300,000	3.18%	22,004	p257 L14(h)
17 Senior Notes, Series C, Tranch C, 3.56%	10,200,000	3.56%	47,407	p257 L15(h)
18 Senior Notes, Series C, Tranch F, 3.81%	5,900,000	3.81%	29,348	p257 L16(h)
19 Senior Notes, Series C, Tranch H, 4.05%	2,300,000	4.05%	12,161	p257 L17(h)
20 Senior Notes, Series C, Tranch I, 4.53%	4,300,000	4.53%	25,431	p257 L18(h)
<u>Issuance Discount, Premium, & Expenses:</u>				
20 Amort of Debt Discount and Expenses	FF1.p. 117.63.c		40,869	
21 Less: Amor of Debt Premimums	FF1.p. 117.65.c		-	
<u>Reacquired Debt:</u>				
22 Amortization of Loss	FF1.p. 117.64.c		-	
23 Less: Amortization of Gain	FF1.p. 117.66.c		-	
24 Total Interest on Long Term Debt	180,100,000	3.65%	6,576,071	
Preferred Stock (FF1.p. 250-251) Preferred Balance Outstanding				
25			-	
26			-	
27			-	
28			-	
29			-	
30 Dividends on Preferred Stock	-	0.00%	-	

AEP TRANSMISSION HOLDING COMPANY
 Cost of Service Formula Rate Using 2014 FF1 Balances
 AEP OKLAHOMA TRANSMISSION COMPANY, INC

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2013 and 12/31/2014

(A) Line	(B)	(C) Balances @ 12/31/2014	(D) Balances @ 12/31/2013	(E) Average
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)	192,154,562	142,233,113	167,193,838
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)	0	0	-
5	Average Balance of Common Equity	192,154,562	142,233,113	167,193,838

Development of Cost of Long Term Debt Based on Average Outstanding Balance

6	Bonds (221) (p. 112.18.c&d)	0	0	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	0	0	-
8	Advances from Assoc. Companies (223) (p.112.20.c&d)	180,100,000	132,450,000	156,275,000
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	0	0	-
10	Total Average Debt	180,100,000	132,450,000	156,275,000

11 Annual Interest Expense for 2015

12	Coupon Interest on Long Term Debt (256-257.33.i)			6,535,202
	Less: Total Hedge (Gain)/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in Ln 12 and shown in Ln 30 below.			-
14	Amort of Debt Discount & Expense (428) (p. 117.63.c)			40,869
15	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			0
16	Less: Amort of Premium on Debt (429) (p. 117.65.c)			0
17	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			0
18	Total Interest Expense (Ln 12 - Ln 14 + Ln 15 - Ln 16 - Ln 17)			6,576,071

19 Average Cost of Debt for 2015 (Ln 18/Ln 10)

4.21%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2014	Remaining Unamortized Balance	Amortization Period	
				Beginning	Ending
21					
22					
23					
24					
25					
26					
27					
28					
29					

30 Total Hedge Amortization to be Removed

-

Development of Cost of Preferred Stock

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

AEPTCo subsidiaries in SPP
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP OKLAHOMA TRANSMISSION COMPANY, INC

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP TransCo - AEP Service Corp Employees</u>	
3	Total AEP System PBOP expenses	(76,811,513)
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$76,811,513
6	Total AEP System Direct Labor Expense	\$1,252,531,222
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.061
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	\$545,764
10	Allowable TransCo PBOP Expense for current year (Line 8 * Line 9)	\$51,302
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$22,028
15	Actual PBOP Expense (Sum Lines 11-14)	\$22,028
16	PBOP Adjustment Line 10 less Line 15	\$29,274

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 119)			\$149,948
2	REVENUE CREDITS	(Note A)			
3	Transmission Credits	(Worksheet H)	6,306	DA 1.00000	\$ 6,306
4	Assoc. Business Development	(Worksheet H)	-	DA 1.00000	\$ -
5	Total Revenue Credits		6,306		\$ 6,306
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)			\$143,642
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.					
7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives)	(Worksheet F)	-	DA 1.00000	\$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)				
9	Annual Rate	(ln 1 / (Sum of lns 46, 47, 48, 49, 51)) x 100%			16.30%
10	Monthly Rate	(ln 9 / 12)			1.36%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)				
12	Annual Rate	((ln 1 - ln 94 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%			13.17%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)				
14	Annual Rate	((ln 1 - ln 94 - ln 95 - ln 116 - ln 117) / (Sum of lns 46, 47, 48, 49, 51)) x 100%			4.42%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)				-

(using SWEPCO FCRs per Note 1 of Worksheet B)

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.	(1) <u>RATE BASE CALCULATION</u>	(2) <u>Data Sources</u> <u>(See "General Notes")</u>	(3) <u>TO Total</u> <u>NOTE D</u>	(4) <u>Allocator</u>	(5) <u>Total</u> <u>Transmission</u>
16	GROSS PLANT IN SERVICE				
17	<i>Line Deliberately Left Blank</i>				
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 183)	0	DA	0
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	-
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	-
22	<i>Line Deliberately Left Blank</i>				
23	<i>Line Deliberately Left Blank</i>				
24	General Plant	(Worksheet A In 7.C)	-	W/S	-
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	-
26	Intangible Plant	(Worksheet A In 9.C)	-	W/S	-
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	<u>0</u>		<u>0</u>
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	<i>Line Deliberately Left Blank</i>				
30	<i>Line Deliberately Left Blank</i>				
31	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	-
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	-
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	-
35	Plus: Additional Transmission Depreciation for 2015 (In 94)		-	TP1	-
36	Plus: Additional General & Intangible Depreciation for (In 96+In 97)		-	W/S	-
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	-
38	<i>Line Deliberately Left Blank</i>				
39	<i>Line Deliberately Left Blank</i>				
40	General Plant	(Worksheet A In 18.C)	-	W/S	-
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	-
42	Intangible Plant	(Worksheet A In 20.C)	-	W/S	-
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	<u>-</u>		<u>-</u>
44	NET PLANT IN SERVICE				
45	<i>Line Deliberately Left Blank</i>				
46	Transmission	(In 18 + In 19 - In 31 - In 32)	0		0
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		-		-
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		-
49	Plus: Additional Transmission Depreciation for 2015 (-In 35)		-		-
50	Plus: Additional General & Intangible Depreciation for 2015 (-In 36)		-		-
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		-
52	<i>Line Deliberately Left Blank</i>				
53	General Plant	(In 24 + In 25 - In 40 - In 41)	-		-
54	Intangible Plant	(In 26 - In 42)	-		-
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	<u>0</u>		<u>0</u>
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)	(0)	DA	-
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	11	DA	11
60	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	427	DA	(4)
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	<u>438</u>		<u>7</u>
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
63a	REGULATORY ASSETS	(Worksheet A In NOTE 1 . (C))	-	DA	1.00000
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	1,957		1,957
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP	-
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S	-
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S	-
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	-	GP(h)	-
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA	-
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	<u>1,957</u>		<u>1,957</u>
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7 (B))	-	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		<u>2,395</u>		<u>1,964</u>

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
76	OPERATION & MAINTENANCE EXPENSE				
76	Transmission	321.112.b	15,653		
77	Less: Total Account 561	(Note I) 321.84-92.b	-		
78	Less: Account 565	(Note J) 321.96.b	-		
79	Less: expenses 100% assigned to TO billed customers	(Worksheet I, ln 14)	\$0		
80	Total O&M Allocable to Transmission	(lns 76 - 77 - 78 - 79)	15,653	TP 1.00000	15,653
81	Administrative and General	323.197.b (Note K)	132,243		
82	Less: Acct. 924, Property Insurance	323.185.b	-		
83	Acct. 928, Reg. Com. Exp.	323.189.b	-		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	132,243	W/S 1.00000	132,243
87	Plus: Acct. 924, Property Insurance	(ln 82)	-	GP(h) 1.00000	-
88	Acct. 928 - Transmission Specific	Worksheet J ln 5.(E) (Note L)	-	TP 1.00000	-
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 19.(E) (Note L)	-	TP 1.00000	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 25.(E) (Note L)	-	DA 1.00000	-
90a	PBOP Adjustment	(Worksheet O ln 16.D)	1,391	DA 1.00000	1,391
91	A & G Subtotal	(sum lns 86 to 90 less ln 90a)	133,634		133,634
92	TOTAL O & M EXPENSE	(ln 80 + ln 91)	149,287		149,287
93	DEPRECIATION AND AMORTIZATION EXPENSE				
94	Transmission	336.7.f	-	TP 1.00000	-
95	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA 1.00000	-
95a	Plus: Formation Costs Amortization	(Worksheet A ln 37.E)	-	DA 1.00000	-
96	General	336.10.f	-	W/S 1.00000	-
97	Intangible	336.1.f	-	W/S 1.00000	-
98	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 94 to 97)	-		-
99	TAXES OTHER THAN INCOME	(Note N)			
100	Labor Related				
101	Payroll	Worksheet L, Col. D	-	W/S 1.00000	-
102	Plant Related				
103	Property	Worksheet L, Col. C	-	GP(h) 1.00000	-
104	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA 0.00000	-
105	Other	Worksheet L, Col. E	-	GP(h) 1.00000	-
106	TOTAL OTHER TAXES	(sum lns 101 to 105)	-		-
107	INCOME TAXES	(Note O)			
108	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.79%		
109	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		44.29%		
110	where WCLTD=(ln 161) and WACC = (ln 164)				
111	and FIT, SIT & p are as given in Note O.				
112	$GRCF=1 / (1 - T) =$ (from ln 108)		1.6609		
113	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
114	Income Tax Calculation	(ln 109 * ln 117)	89		73
115	ITC adjustment	(ln 112 * ln 113)	-	NP(h) 1.00000	-
116	TOTAL INCOME TAXES	(sum lns 114 to 115)	89		73
117	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 164)	201		165
118	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		-	DA 1.00000	-
119	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		149,577		149,525
120	(sum lns 92, 98, 106, 116, 117, 118)				
121	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		423	DA	423
122	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		150,000		149,948

AEP West SPP Member Companies
 2015 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 and Projected Net Plant at Year-End 2015

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate 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 74 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 118.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 108) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
 Inputs Required:

FIT =	35.00%
SIT =	7.37% (State Income Tax Rate or Composite SIT. Worksheet K)
p =	0.00% (percent of federal income tax deductible for state purposes)
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T The Capital Structure of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. will be based on the Capital Structure of SWEPSCO until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS.
 Long Term Debt cost rate = long-term interest (ln 152) / long term debt (ln 161). Preferred Stock cost rate = preferred dividends (ln 153) / preferred outstanding (ln 162).
 Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 50% of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.'s Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.			Total	Allocator		Transmission Amount
166	REVENUE REQUIREMENT (w/o incentives)	(In 284)				\$164,743
167	REVENUE CREDITS	(Note A)				
168	Transmission Credits	(Worksheet H)	6,306	DA	1.00000	\$ 6,306
169	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
170	Total Revenue Credits		6,306			\$ 6,306
171	REVENUE REQUIREMENT For All Company Facilities	(In 166 less In 170)				\$ 158,437

MEMO: The Carrying Charge Calculations on lines 174 to 179 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line is included in the total on line 171.

172	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives)		-	DA	1.00000	\$ -
	(Worksheet F)					
173	NET PLANT CARRYING CHARGE	(w/o incentives) (Note B)				
174	Annual Rate	(In 166/ In 211 x 100%)				0.00%
175	Monthly Rate	(In 174 / 12)				0.00%
176	NET PLANT CARRYING CHARGE ON LINE 174 , W/O DEPRECIATION (w/o incentives) (Note B)					
177	Annual Rate	((In 166 - In 259) / In 211 x 100%)				0.00%
178	NET PLANT CARRYING CHARGE ON LINE 176, W/O INCOME TAXES, RETURN (Note B)					
179	Annual Rate	((In 166 - In 259 - In 281 - In 282) / In 211 x 100%)				0.00%
180	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.	(1) <u>RATE BASE CALCULATION</u>	(2) <u>Data Sources</u> <u>(See "General Notes")</u>	(3) <u>TO Total</u> <u>NOTE D</u>	(4) <u>Allocator</u>	(5) <u>Total</u> <u>Transmission</u>
	GROSS PLANT IN SERVICE				
181	<i>Line Deliberately Left Blank</i>				
182	<i>Line Deliberately Left Blank</i>				
183	Transmission	(Worksheet A In 3.C & Ln 291)	0	DA	0
184	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	1.00000
185	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA	0.00000
186	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA	0.00000
187	<i>Line Deliberately Left Blank</i>				
188	<i>Line Deliberately Left Blank</i>				
189	General Plant	(Worksheet A In 7.C)	-	W/S	1.00000
190	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	1.00000
191	Intangible Plant	(Worksheet A In 9.C)	-	W/S	1.00000
192	TOTAL GROSS PLANT	(sum Ins 181 to 191)	0	GP(h)=	1.000000
				GTD=	1.00000
193	ACCUMULATED DEPRECIATION AND AMORTIZATION				
194	<i>Line Deliberately Left Blank</i>				
195	<i>Line Deliberately Left Blank</i>				
196	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
197	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
198	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA	1.00000
199	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA	1.00000
200	Plus: Additional Transmission Depreciation for 2015 (In 259)		N/A	TP1	0.00000
201	Plus: Additional General & Intangible Depreciation for 2015 (In 261+In 262)		N/A	W/S	1.00000
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA	1.00000
203	<i>Line Deliberately Left Blank</i>				
204	<i>Line Deliberately Left Blank</i>				
205	General Plant	(Worksheet A In 18.C)	-	W/S	1.00000
206	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	1.00000
207	Intangible Plant	(Worksheet A In 20.C)	-	W/S	1.00000
208	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 194 to 207)	-		-
209	NET PLANT IN SERVICE				
210	<i>Line Deliberately Left Blank</i>				
211	Transmission	(In 183 + In 184 - In 196 - In 197)	0		0.100
212	Plus: Transmission Plant-in-Service Additions (In 185 - In 198)		N/A		N/A
213	Plus: Additional Trans Plant on Transferred Assets (In 186 - In 199)		N/A		N/A
214	Plus: Additional Transmission Depreciation for 2015 (-In 200)		N/A		N/A
215	Plus: Additional General & Intangible Depreciation for 2015 (-In 201)		N/A		N/A
216	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 202)		N/A		N/A
217	<i>Line Deliberately Left Blank</i>				
218	General Plant	(In 189 + In 190 - In 205 - In 206)	-		-
219	Intangible Plant	(In 191 - In 207)	-		-
220	TOTAL NET PLANT IN SERVICE	(sum Ins 210 to 219)	0	NP(h)=	1.000000
221	DEFERRED TAX ADJUSTMENTS TO RATE BASE				
222	Account No. 281.1 (enter negative)	(Note E) 272-273.8.k	-	NA	-
223	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(0)	DA	-
224	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	11	DA	11
225	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	427	DA	(4)
226	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
227	TOTAL ADJUSTMENTS	(sum Ins 222 to 226)	438		7
228	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
228a	REGULATORY ASSETS	(Worksheet A In 41.(C))	-	DA	-
229	WORKING CAPITAL				
230	Cash Working Capital	(Note F) (1/8 * In 245) (Note G)	1,957		1,957
231	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP	1.00000
232	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S	1.00000
233	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	1.00000
234	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S	1.00000
235	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	-	GP(h)	1.00000
236	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
237	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA	0.00000
238	TOTAL WORKING CAPITAL	(sum Ins 230 to 237)	1,957		1,957
239	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	-	DA	1.00000
240	RATE BASE (sum Ins 220, 227, 228, 238, 239)		2,395		1,964

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
241	Transmission	321.112.b	15,653		
242	Less: Total Account 561	(Note I) 321.84-92.b	-		
243	Less: Account 565	(Note J) 321.96.b	-		
244	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
245	Total O&M Allocable to Transmission	(Ins 241 - 242 - 243 - 244)	15,653	TP	1.00000
					15,653
246	Administrative and General	323.197.b (Note K)	132,243		
247	Less: Acct. 924, Property Insurance	323.185.b	-		
248	Acct. 928, Reg. Com. Exp.	323.189.b	-		
249	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
250	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
251	Balance of A & G	(In 246 - sum In 247 to In 250)	132,243	W/S	1.00000
252	Plus: Acct. 924, Property Insurance	(In 247)	-	GP(h)	1.00000
253	Acct. 928 - Transmission Specific	Worksheet J In 5.(E) (Note L)	-	TP	1.00000
254	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 19.(E) (Note L)	-	TP	1.00000
255	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 25.(E) (Note L)	-	DA	1.00000
255a	PBOP Adjustment	(Worksheet O In 16.D)	1,391	DA	1.00000
256	A & G Subtotal	(sum Ins 251 to 255 less In 255a)	133,634		
					133,634
257	TOTAL O & M EXPENSE	(In 245 + In 256)	149,287		
					149,287
	DEPRECIATION AND AMORTIZATION EXPENSE				
258	Transmission	336.7.f	-	TP	1.00000
260	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
260a	Plus: Formation Costs Amortization	(Worksheet A In 35.C)	14,753	DA	1.00000
261	General	336.10.f	-	W/S	1.00000
262	Intangible	336.1.f	-	W/S	1.00000
263	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 259 to 262)	14,753		
					14,753
264	TAXES OTHER THAN INCOME				
265	Labor Related	(Note N)			
266	Payroll	Worksheet L, Col. D	-	W/S	1.00000
267	Plant Related				
268	Property	Worksheet L, Col. C	-	GP(h)	1.00000
269	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000
270	Other	Worksheet L, Col. E	-	GP(h)	1.00000
271	TOTAL OTHER TAXES	(sum Ins 266 to 270)	-		
					-
272	INCOME TAXES				
273	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.79%		
274	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		44.29%		
275	where WCLTD=(In 326) and WACC = (In 329)				
276	and FIT, SIT & p are as given in Note O.				
277	$GRCF=1 / (1 - T) =$ (from In 273)		1.6609		
278	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
279	Income Tax Calculation	(In 274 * In 282)	89		73
280	ITC adjustment	(In 277 * In 278)	-	NP(h)	1.00000
281	TOTAL INCOME TAXES	(sum Ins 279 to 280)	89		73
282	RETURN ON RATE BASE (Rate Base*WACC)	(In 240 * In 329)	201		165
283	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA	1.00000
					-
284	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		164,330		164,278
285	(sum Ins 257, 263, 271, 281, 282, 283)				
286	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		465	DA	465
287	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		164,795		164,743

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
288	Total transmission plant	(In 183)							0
289	Less transmission plant excluded from SPP Tariff	(Note Q)							-
290	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note R)							-
291	Transmission plant included in SPP Tariff	(In 288 - In 289 - In 290)							0
292	Percent of transmission plant in SPP Tariff	(In 291 / In 288)						TP=	1.00000
293	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
294	<i>Line Deliberately Left Blank</i>								
295	Transmission	354.21.b	0	7,242	7,242	TP	1.00000		7,242
296	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-
297	<i>Line Deliberately Left Blank</i>								
298	Other (Excludes A&G)	354.24,25,26.b	0	0	-	NA	0.00000		-
299	Total	(sum Ins 294 to 298)	0	7,242	7,242				7,242
300	Transmission related amount							W/S=	1.00000
301	STAND ALONE (Note T)								
301	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								
302									\$
303									-
304									-
304	Development of Common Stock:								
305									(710,364)
306									-
307									-
308									-
309									(710,364)
310									
310									
311	Long Term Debt (Worksheet M, In. 20, col. (B))								
312	Preferred Stock (Worksheet M, In. 26, col. (B))								
313	Common Stock (In 309) (Note U)								
314	Total (sum Ins 311 to 313)								
315	Capital Structure Equity Limit (Note U)								
316	SOUTHWESTERN ELECTRIC POWER COMPANY (Note T)								
316	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								
317									\$
318									114,735,905
319									-
319	Development of Common Stock:								
320									2,096,786,466
321									-
322									23,735,635
323									(7,468,023)
324									2,080,518,854
325									
325									
326	Long Term Debt (SWEPCO WS-M, In. 21, col. (B))								
327	Preferred Stock (SWEPCO WS-M, In. 22, col. (B))								
328	Common Stock (In 324) (Note U)								
329	Total (sum Ins 326 to 328)								
330	Capital Structure Equity Limit (Note U for SWEPCO)								

NOTE: All WACC related entries below sourced from SWEPCO's FF1 or Template

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 180 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 245.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line 239 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 283.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 273) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT = | 7.37% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T The Capital Structure of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. will be based on the Capital Structure of SWEPCO until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS. Long Term Debt cost rate = long-term interest (In 317) / long term debt (In 326). Preferred Stock cost rate = preferred dividends (In 318) / preferred outstanding (In 327).
 Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 50% of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.'s Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.			Total	Allocator	Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 106)			\$176,429
2	REVENUE CREDITS	(Note A)			
3	Transmission Credits	(Worksheet H)	6,306	DA	\$ 6,306
4	Assoc. Business Development	(Worksheet H)	-	DA	\$ -
5	Total Revenue Credits		6,306		\$ 6,306
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)			\$170,123

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

7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		-	DA	1.00000	\$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100)				0%
10	Monthly Rate	(ln 9 / 12)				0.00%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 82) / ln 39 x 100)				0.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 82 - ln 103 - ln 104) / ln 39 x 100)				0.00%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(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	<i>Line Deliberately Left Blank</i>				
17	<i>Line Deliberately Left Blank</i>				
18	Transmission	(Worksheet A In 3.E & Ln 114)	0	DA	0
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	-
20	<i>Line Deliberately Left Blank</i>				
21	<i>Line Deliberately Left Blank</i>				
22	General Plant	(Worksheet A In 7.E)	-	W/S	-
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	-
24	Intangible Plant	(Worksheet A In 9.E)	-	W/S	-
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	<u>0</u>	GP(TU)=	<u>0</u>
				GTD=	1.00000
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	<i>Line Deliberately Left Blank</i>				
28	<i>Line Deliberately Left Blank</i>				
29	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1=	-
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	-
31	<i>Line Deliberately Left Blank</i>				
32	<i>Line Deliberately Left Blank</i>				
33	General Plant	(Worksheet A In 18.E)	-	W/S	-
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	-
35	Intangible Plant	(Worksheet A In 20.E)	-	W/S	-
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	<u>-</u>		<u>-</u>
37	NET PLANT IN SERVICE				
38	<i>Line Deliberately Left Blank</i>				
39	Transmission	(In 18 + In 19 - In 29 - In 30)	0		0
40	<i>Line Deliberately Left Blank</i>				
41	General Plant	(In 22 + In 23 - In 33 - In 34)	-		-
42	Intangible Plant	(In 24 - In 35)	-		-
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	<u>0</u>	NP(TU)=	<u>0</u>
				1.00000	
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)	(0)	DA	-
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(15,009)	DA	(489)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	69,859	DA	35,535
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	<u>54,851</u>		<u>35,046</u>
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
51a	REGULATORY ASSETS	(Worksheet A In 38. (C))	7,377	DA	7,377
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,957		1,957
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	-	TP	-
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	-	W/S	-
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	-	W/S	-
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	-	GP(TU)	-
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	-
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	-	NA	-
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	<u>1,957</u>		<u>1,957</u>
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	-	DA	-
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		<u>56,808</u>		<u>37,003</u>

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	15,653		
65	Less: Total Account 561	(Note I) 322.84-92.b	-		
66	Less: Account 565	(Note J) 322.96.b	-		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, ln 14)		\$0		
68	Total O&M Allocable to Transmission	(lns 64 - 65 - 66 - 67)	15,653	TP	1.00000 15,653
69	Administrative and General	323.197.b (Note K)	132,243		
70	Less: Acct. 924, Property Insurance	323.185.b	-		
71	Acct. 928, Reg. Com. Exp.	322.189.b	-		
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	-		
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	-		
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	132,243	W/S	1.00000 132,243
75	Plus: Acct. 924, Property Insurance	(ln 70)	-	GP(TU)	1.00000 -
76	Acct. 928 - Transmission Specific	Worksheet J ln 5.(E) (Note L)	-	TP	1.00000 -
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 19.(E) (Note L)	-	GP(TU)	1.00000 -
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 25.(E) (Note L)	-	DA	1.00000 -
78a	PBOP Adjustment	(Worksheet O ln 16.D)	1,391	DA	1.00000 1,391
79	A & G Subtotal	(sum lns 74 to 78 less ln 78a)	133,634		133,634
80	TOTAL O & M EXPENSE	(ln 68 + ln 79)	149,287		149,287
	DEPRECIATION AND AMORTIZATION EXPENSE				
82	Transmission	336.7.f	-	TP	1.00000 -
83	General	336.10.f	-	W/S	1.00000 -
84a	Plus: Formation Costs Amortization	(Worksheet A ln 35.E)	22,130	W/S	1.00000 22,130
84	Intangible	336.1.f	-	W/S	1.00000 -
85	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 82 to 84)	22,130		22,130
	TAXES OTHER THAN INCOME				
87	Labor Related	(Note N)			
88	Payroll	Worksheet L, Col. D	-	W/S	1.00000 -
89	Plant Related				
90	Property	Worksheet L, Col. C	-	GP(TU)	1.00000 -
91	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000 -
92	Other	Worksheet L, Col. E	-	GP(TU)	1.00000 -
93	TOTAL OTHER TAXES	(sum lns 88 to 92)	-		-
	INCOME TAXES				
94		(Note O)			
95	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		39.79%		
96	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		44.34%		
97	where WCLTD=(ln 148) and WACC = (ln 151)				
98	and FIT, SIT & p are as given in Note O.				
99	$GRCF=1 / (1 - T) =$ (from ln 95)		1.6609		
100	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	-		
101	Income Tax Calculation	(ln 96 * ln 104)	2,129		1,387
102	ITC adjustment	(ln 99 * ln 100)	-	NP(TU)	1.00000 -
103	TOTAL INCOME TAXES	(sum lns 101 to 102)	2,129		1,387
104	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 151)	4,802		3,128
105	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		-	DA	1.00000 -
106	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		178,348		175,932
107	(sum lns 80, 85, 93, 103, 104, 105)				
108	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		504	DA	498
109	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		178,853		176,429

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

SUPPORTING CALCULATIONS

In										
<u>No.</u>	<u>TRANSMISSION PLANT INCLUDED IN SPP TARIFF</u>									
110	Total transmission plant	(In 18)								0
111	Less transmission plant excluded from SPP Tariff	(Note Q)								-
112	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (C)) (Note R)								-
113	Transmission plant included in SPP Tariff	(In 110 - In 111 - In 112)								0
114	Percent of transmission plant in SPP Tariff	(In 113 / In 110)							TP=	1.00000
115	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
116	<i>Line Deliberately Left Blank</i>									
117	Transmission	354.21.b	0	7,242	7,242	TP	1.00000			7,242
118	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000			-
119	<i>Line Deliberately Left Blank</i>									
120	Other (Excludes A&G)		0	0	0	NA	0.00000			-
121	Total	(sum Ins 116 to 120)	0	7,242	7,242					7,242
122	Transmission related amount								W/S=	1.00000
	STAND ALONE (Note T)									
123	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
124	Long Term Interest	Long Term Interest (Worksheet N, In. 18, col. (E))								-
125	Preferred Dividends	Preferred Stock Dividends (Worksheet N, In. 47, col. (E))								-
126	<u>Development of Common Stock:</u>									Average
127	Proprietary Capital	(Worksheet N, In. 1, col. (E))								(678,289)
128	Less Preferred Stock (In 134)	(Worksheet N, In. 2, col. (E))								-
129	Less Account 216.1	(Worksheet N, In. 3, col. (E))								-
130	Less Account 219	(Worksheet N, In. 4, col. (E))								-
131	Common Stock	(In 142 - In 143 - In 144 - In 145)								(678,289)
132		2015 Avg Balances				Capital Structure Percentages	Cost (Note S)			Weighted
133	Avg Long Term Debt (Worksheet N, In. 10, col. (E))	-		0.00%	0.00%		0.00%			0.0000
134	Avg Preferred Stock (Worksheet N, In. 46, col. (E))	-		0.00%	0.00%		0.00%			0.0000
135	Avg Common Stock (In 131) (Note U)	(678,289)		0.00%	0.00%		11.20%			0.0000
136	Total (sum Ins 133 to 135)	(678,289)							WACC=	0.0000
137	Capital Structure Equity Limit (Note U)	50.0%								
	SOUTHWESTERN ELECTRIC POWER COMPANY (Note T)									
138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)									\$
139	Long Term Interest	Long Term Interest (SWE FR Worksheet N, In. 19, col. (E))								113,284,062
140	Preferred Dividends	Preferred Stock Dividends (SWE FR Worksheet N, In. 46, col. (E))								-
141	<u>Development of Common Stock:</u>									Average
142	Proprietary Capital	(SWE Worksheet N, In. 1, col. (E))								2,076,112,766
143	Less Preferred Stock (In 149)	(SWE Worksheet N, In. 2, col. (E))								-
144	Less Account 216.1	(SWE Worksheet N, In. 3, col. (E))								22,626,446
145	Less Account 219	(SWE Worksheet N, In. 4, col. (E))								(7,957,095)
146	Common Stock	(In 142 - In 143 - In 144 - In 145)								2,061,443,415
147		2014 Avg Balances				Capital Structure Percentages	Cost (Note S)			Weighted
148	Avg Long Term Debt (SWE WS-N, In. 10, col. (E))	2,010,200,000		49.37%	0.00%		5.64%			0.0278
149	Avg Preferred Stock (SWE WS-N, In. 46, col. (E))	-		0.00%	0.00%		0.00%			0.0000
150	Avg Common Stock (In 146) (Note U)	2,061,443,415		50.63%	0.00%		11.20%			0.0567
151	Total (sum Ins 148 to 150)	4,071,643,415							WACC=	0.0845
152	Capital Structure Equity Limit (Note U for SWEPCO)	52.5%								

NOTE: All WACC related entries below sourced from SWEPCO's FF1 or Template

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2014 with Average Ratebase Balances

AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the 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 62 is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 105.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other 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 The Post-employment Benefit Other than Pension (PBOP) expense is fixed based on an approved ratio of PBOP expense to direct labor expense.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 95) multiplied by $(1/1-T)$. If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 7.37% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T The Capital Structure of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. will be based on the Capital Structure of SWEPCO until AEP SOUTHWESTERN TRANSMISSION COMPANY, INC. establishes a stand alone capital structure computed on Worksheet M for the Projected TCOS or Worksheet N for the True-up TCOS.
 Long Term Debt cost rate = long-term interest (In 139) / long term debt (In 148). Preferred Stock cost rate = preferred dividends (In 140) / preferred outstanding (In 149).
 Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket Nos. ER07-1069 and ER10-355. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 50% of AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.'s Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value can only change via an approved 205 or 206 filing.

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate
Worksheet A - Detail Plant Balances
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

<u>Line Number</u>	<u>(A) Rate Base Item & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2014</u>	<u>(D) Balances 12/31/2013</u>	<u>(E) Average Balance for 2014</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	Line Deliberately Left Blank				
2	Line Deliberately Left Blank				
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	0	0	0
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	Line Deliberately Left Blank				
6	Line Deliberately Left Blank				
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	-	-	-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	-	-	-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	-	-	-
10	Total Property Investment Balance	(Sum of Lines: 3, 7, 9)	0	0	0
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 4, 8)	-	-	-
Accumulated Depreciation & Amortization Balances					
12	Line Deliberately Left Blank				
13	Line Deliberately Left Blank				
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	-	-	-
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Line Deliberately Left Blank				
17	Line Deliberately Left Blank				
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)	-	-	-
19	General ARO Accumulated Depreciation	Company Records	-	-	-
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)	-	-	-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 14, 18, 20)	-	-	-
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 15, 19)	-	-	-
Generation Step-Up Units					
23	GSU Investment Amount	Company Records	-	-	-
24	GSU Accumulated Depreciation	Company Records	-	-	-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
Transmission Accumulated Depreciation Net of GSU Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	-	-	-
27	Less: GSU Accumulated Depreciation	(Line 24 Above)	-	-	-
28	Subtotal of Transmission Net of GSU	(Line 26 - Line 27)	-	-	-
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	-	-	-
30	Transmission Plant Held For Future	Company Records	-	-	-
Regulatory Assets and Liabilities Approved for Recovery In Ratebase					
Note: Regulatory Assets & Liabilities can only be included in ratebase pursuant to a 205 filing with the FERC.					
31	Regulatory Asset (Note 1)		14,753	44,261	29,507
32	Amortization in Months		6	18	12
33	Monthly Amortization	(line 31 / line 32)	2,459	2,459	2,459
34	Months in 2014 to be amortized		6	12	9
35	Amortization Expense in 2014 Year	(line 33 X line 34)	14,753	29,507	22,130
36	Months in 2015 to be amortized		-	6	3
37	Amortization Expense in 2015 Year	(line 33 X line 36)	0	14,754	7,377
38	Balance of Regulatory Asset	(line 31 - line 35)	0	14,754	7,377
39	Average Balance of Regulatory Asset	(line 31 + line 38)/2	7,377	29,507	18,442
40	Unamortized Balance of Regulatory Asset at YE 2014 (Note 1)		0	14,754	7,377
41	Total Regulatory Deferrals Included in Ratebase		0	0	0

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

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate Projected on 2014 FF1 Balances
Worksheet B - Projected Transmission Plant in Service Additions
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

I. Calculation of Composite Depreciation Rate

STAND ALONE (Note 1)		
1	Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	-
3		<hr/>
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, In 259	-
6	Composite Depreciation Rate	0.00%
7	Average Depreciable Life (Years)	0
SOUTHWESTERN ELECTRIC POWER COMPANY (Note 1)		
8	Transmission Plant @ Beginning of Historic Period (2014) (P.206, In 58,(b)):	1,164,661,669
9	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	1,300,777,651
10		<hr/>
11	Average Balance of Transmission Investment	2,465,439,320
12	Annual Depreciation Expense, SWEPCO Historic TCOS, In 246	27,364,266
13	Composite Depreciation Rate	2.22%
14	Average Depreciable Life (Years)	45

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

	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation
15						
16	January		2.22%	\$ -	\$ -	11
17	February		2.22%	\$ -	\$ -	10
18	March		2.22%	\$ -	\$ -	9
19	April		2.22%	\$ -	\$ -	8
20	May		2.22%	\$ -	\$ -	7
21	June		2.22%	\$ -	\$ -	6
22	July		2.22%	\$ -	\$ -	5
23	August		2.22%	\$ -	\$ -	4
24	September		2.22%	\$ -	\$ -	3
25	October		2.22%	\$ -	\$ -	2
26	November		2.22%	\$ -	\$ -	1
27	December		2.22%	\$ -	\$ -	0
28	Investment	<hr/> <hr/>				Depreciation Expense

III. Plant Transferred

29	\$ -	<== This input area is for original cost plant
30	\$ -	<== This input area is for accumulated depreciation that may be associated with capital expenditures. It would have an impact if a company had assets transferred from a subsidiary.
31 (Ln 14 * Ln 29)	\$ -	<== This input area is for additional Depreciation Expense

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

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate
Worksheet C - ADIT Balances used in Projection & True-Up
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission Plant Related	(I) Labor Related	(J) Total Included in Ratebase (E)+(F)+(G)+(H)
Account 282 - Form-1 page 274-275, Ln 2 Col. (k)									
282 Balance to Use in Projection									
1	282.1	2014 Year End Tax Deferrals - Ws C-1	(0)	-	-	-	-	-	-
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
3	282.1	Allocated Total	0	0	0	0	0	0	0
282 Balance to Use in True-Up									
4	282.1	2014 Year End Tax Deferrals - Ws C-1	(0)	-	-	-	-	-	-
5	282.1	2013 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	-
6		Subtotal	(0)	-	-	-	-	-	-
7		Average Balance	(0)	0	0	0	0	0	0
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
9		Allocated Total	0	0	0	0	0	0	0
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2014 Year End Tax Deferrals - Ws C-1	11	-	11	-	-	-	-
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
12	283.1	Allocated Total	0	0	11	0	0	0	11
283 Balance to Use in True-Up									
13	283.1	2014 Year End Tax Deferrals - Ws C-1	11	-	11	-	-	-	-
14	283.1	2013 Year End Tax Deferrals - Ws C-2	(30,028)	(29,040)	(988)	-	-	-	-
15		Subtotal	(30,017)	(29,040)	(977)	-	-	-	-
16		Average Balance	(15,009)	(14,520)	(489)	0	0	0	0
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
18		Allocated Total	0	(489)	(489)	0	0	0	(489)
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2014 Year End Tax Deferrals - Ws C-1	427	431	(4)	-	-	-	-
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
21	190.1	Allocated Total	0	(4)	(4)	0	0	0	(4)
190 Balance to Use in True-Up									
22	190.1	2014 Year End Tax Deferrals - Ws C-1	427	431	(4)	-	-	-	-
23	190.1	2013 Year End Tax Deferrals - Ws C-2	139,292	68,218	71,074	-	-	-	-
24		Subtotal	139,719	68,649	71,070	-	-	-	-
25		Average Balance	69,859	34,325	35,535	0	0	0	0
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	100.0000%	100.0000%	100.0000%	
27		Allocated Total	0	35,535	35,535	0	0	0	35,535
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-						
29	255	Transmission Allocator from Historic TCOS [GP or W/S]		N/A	N/A	100.0000%	N/A	N/A	
30	255	Allocated Total	0			0			0
255 Balance to Use in True-Up									
31	255	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-						
32	255	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 266, Ln 2.b)	-						
33		Subtotal	-						
34		Average Balance	0			0			0
35		Transmission Allocator from True-Up TCOS [GP or W/S]		N/A	N/A	100.0000%	N/A	N/A	
36		Allocated Total	0			0			0

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

Worksheet C-2 - ADIT & ITC Details

**SOUTHWESTERN TRANSMISSION COMPANY
 DETAIL OF DEFERRED INCOME TAX BALANCES
 AS OF DECEMBER 31, 2014**

Account	Line #	Description	Balance	Allocation Basis	Exclusions	Allocation Method			Labor
						100% Transmission	Line Deliberately Left Blank	Line Deliberately Left Blank	
2821001	230X	R & D DEDUCTION - SEC 174	(0)	E	(0)				
2821		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(0)		(0)	0	0	0	0
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	0						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	0	E	0				
2831001	664J	REG ASSET-TRANSCO PRE-FORMATION COSTS	0	E	0				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	11	T		11			
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	11		0	11	0	0	0
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	(11)						
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	(4)	T		(4)			
1901001	960E	AMT CREDIT - DEFERRED	431	E	431				
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS	0	T		0			
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	0	E	0				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	427		431	(4)	0	0	0
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	427						

Worksheet C-1 - ADIT & ITC Details

SOUTHWESTERN TRANSMISSION COMPANY
 DETAIL OF DEFERRED INCOME TAX BALANCES
 AS OF DECEMBER 31, 2013

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method		Labor
							Line Deliberately Left Blank	Line Deliberately Left Blank	
2821001									
2821001									
2821001									
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)							
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	(23,876)	E	(23,876)				
2831001	664J	REG ASSET-TRANSCO PRE-FORMATION COSTS	(5,164)	E	(5,164)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(988)	T		(988)			
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(30,028)		(29,040)	(988)	0	0	0
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	30,028						
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	346	T		346			
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS	70,728	T		70,728			
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	68,218	E	68,218				
		TOTAL ELECTRIC ACCOUNT SUBTOTAL	139,292		68,218	71,074	0	0	0
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	139,292						

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate
Worksheet E - IPP Credits
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers @ 12/31/2013 (2014 FORM 1, P269, (B))	
2	Interest Accrual (company records)	
3	Revenue Credits to Generators (company records)	
4	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	-
6		-
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, (F))	-
8	Average Balance for 2014 ((In 1 + In 7) / 2)	-

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

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

ROE w/o incentives (Projected TCOS, In 163)			11.20%
Project ROE Incentive Adder (Enter as whole number)		0	basis points
ROE with additional 0 basis point incentive			11.20% <==Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from SWEPCO Projected TCOS, Ins 148 through 150)			
	%	Cost	Weighted cost
Long Term Debt	49.75%	0.0557	0.0277
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.25%	0.1120	0.0563
		R =	0.0840

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR 2015	-	-	\$ -

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

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

Rate Base (Projected TCOS, In 75)	1,964
R (from A. above)	0.0840
Return (Rate Base x R)	165

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

Return (from B. above)	165
Tax Rate (Projected TCOS, In 108)	39.79%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	44.29%
Income Tax Calculation (Return x EIT)	73
ITC Adjustment (Projected TCOS, In 115)	-
Income Taxes	73

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

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

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

Net Revenue Requirement (Projected TCOS, In 122)	149,948
Return (Projected TCOS, In 117)	165
Income Taxes (Projected TCOS, In 116)	73
Gross Margin Taxes (Projected TCOS, In 121)	423
Net Revenue Requirement, Less Return and Taxes	149,287

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

Net Revenue Requirement, Less Return and Taxes	149,287
Return (from I.B. above)	165
Income Taxes (from I.C. above)	73
Net Revenue Requirement, with 0 Basis Point ROE increase	149,525
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	423
Revenue Requirement w/ Gross Margin Taxes	149,948
Less: Depreciation (Projected TCOS, In 94)	-
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	149,948

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)	149,525
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	60,304
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	42,213
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	422
Gross-up Required for Gross Margin Tax Expense	1
Total Additional Gross Margin Tax Revenue Requirement	423

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	0
Net Revenue Requirement, with 0 Basis Point ROE increase	149,525
FCR with 0 Basis Point increase in ROE	0.00%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	149,948
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 12)	13.17%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	-13.17%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	1,164,661,669	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,300,777,651	<==From Input on Worksheet B
Transmission Plant Average Balance for 2014	2,465,439,320	
Annual Depreciation Expense (Projected TCOS, In 94)	1,232,719,660	
Composite Depreciation Rate	27,364,266	
Composite Depreciation Rate	2.22%	
Depreciable Life for Composite Depreciation Rate	45.05	
Round to nearest whole year	45	

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

AEP West SPP Member Companies
 2015 Cost of Service Formula Rate Projected on 2014 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 2014 Data
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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 150)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from SWEPSCO True-Up TCOS, Ins 147 through 149)			
	%	Cost	Weighted cost
Long Term Debt	49.37%	0.0564	0.0278
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.63%	0.1120	0.0567
		R =	0.0845

SUMMARY OF TRUED-UP ANNUAL REV. REQ. FOR SPP BPU & NON-BPU PROJECTS				
TRUE-UP YEAR	2014	Rev Require	W Incentives	Incentive Amounts
Σ Prior Year Projected (WS-F)	\$	-	\$ -	\$ -
Σ Prior Year True-Up (WS-G)	\$	-	\$ -	\$ -
True-up Adjustment For 2014		-	-	-

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)	37,003
R (from A. above)	0.0845
Return (Rate Base x R)	3,128

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

Return (from B. above)	3,128
Tax Rate (True-Up TCOS, In 95)	39.79%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	44.34%
Income Tax Calculation (Return x EIT)	1,387
ITC Adjustment (True-Up TCOS, In 102)	-
Income Taxes	1,387

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 109)	176,429
Return (True-Up TCOS, In 104)	3,128
Income Taxes (True-Up TCOS, In 103)	1,387
Gross Margin Taxes (True-Up TCOS, In 108)	498
Net Revenue Requirement, Less Return and Taxes	171,417

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

Net Revenue Requirement, Less Return and Taxes	171,417
Return (from I.B. above)	3,128
Income Taxes (from I.C. above)	1,387
Net Revenue Requirement, with 0 Basis Point ROE increase	175,932
Gross Margin Tax with Basis Point ROE Increase (II C. below)	498
Revenue Requirement w/ Gross Margin Taxes	176,429
Less: Depreciation (True-Up TCOS, In 82)	-
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	176,429

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

Net Revenue Requirement before Gross Margin Taxes, with 0	175,932
Basis Point ROE increase (II B. above)	
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	70,954
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	49,668
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	497
Gross-up Required for Gross Margin Tax Expense	1
Total Additional Gross Margin Tax Revenue Requirement	498

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

Net Transmission Plant (True-Up TCOS, In 39)	0
Net Revenue Requirement, with 0 Basis Point ROE increase	176,429
FCR with 0 Basis Point increase in ROE	176429466.63%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	176,429
FCR with 0 Basis Point ROE increase, less Depreciation	176429466.63%
FCR less Depreciation (True-Up TCOS, In 12)	0.00%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	176429466.63%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	1,164,661,669	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,300,777,651	<==From Input on Worksheet B
	2,465,439,320	
Transmission Plant Average Balance for 2014	1,232,719,660	
Annual Depreciation Expense (True-Up TCOS, In 82)	27,364,266	
Composite Depreciation Rate	2.22%	
Depreciable Life for Composite Depreciation Rate	45.05	
Round to nearest whole year	45	

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
 AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Revenue Credits for

	Total Company	Non- Transmission	Transmission
I. Account 450, Forfeited Discounts		-	-
II. Account 451, Miscellaneous Service Revenues		0	0
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff		0	0
2 Account 4540002 - Rent from Elect Property - Non-Aff		0	0
3 Account 4540003 - Rent from Elect Property - ABD - Aff		0	0
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff		0	0
5 Total Rents from Electric Property	0	0	0

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

IV. Account 4560015, Revenues from Associated Business Development			
1 Account 4560015, Revenues from Associated Business Development			
V. Total Other Operating Revenues To Reduce Revenue Requirement			0
VI. Account 456.1, Revenues from Transmission of Electricity of Others			310,921
(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			304,614
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			
7 Other Non-Transmission Revenue			
8 Revenue from SPP Ancillary Services Provided			
9 Base Plan Revenue (from SPP)			
10 Flow Through of ERCOT Ancillary Charges			
11 Other			
Net Transmission Credits			\$6,306
VII. Total Worksheet A Revenue Credits			\$6,306

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 2014 FF1 Balances
Worksheet I - Supporting Transmission Expense Adjustments
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

1	Other Expenses		
2	Direct Assignment Charge		\$0
3	Sponsored Upgrades Charge		\$0
4	Firm and Non-Firm Point-To-Point Charges		\$0
5	Base Plan Charges		\$0
6	Schedule 9 Charges		\$0
7	SPP Schedule 12 - FERC Assessment		\$0
8	SPP Schedule 1-A		\$0
9	SPP Annual Assessment		\$0
10	Ancillary Services Expenses		\$0
11	Other		\$0
12	Other		\$0
13	Other		\$0
14	Total	(sum of lines 2 through 13)	<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 2014 FF1 Balances
Worksheet J - Allocation of Specific O&M or A&G Expenses
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

<u>Line Number</u>	<u>(A) FERC Acct No.</u>	<u>(B) Description</u>	<u>(C) 2014 Expense</u>	<u>(D) 100% Non-Transmission</u>	<u>(E) 100% Transmission Specific</u>	<u>(F) Explanation</u>
		<u>Account 928</u>				
1						
2						
3						
4						
5		Total	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	
		<u>Account 930.1</u>				
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19		Total	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	
		<u>Account 930.2</u>				
20						
21						
22						
23						
24						
25		Total	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2014

State Income Tax Rate - Louisiana		8.00%	
Apportionment Factor		58.27%	
Effective Louisiana State Income Tax Rate			4.6616%
State Income Tax Rate - Arkansas		6.50%	
Apportionment Factor		41.73%	
Effective Arkansas State Income Tax Rate			2.7126%
State Income Tax Rate - Oklahoma	Note 1	0.0000%	
Apportionment Factor		0.0000%	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Ohio		0.0000%	
Apportionment Factor		0.0000%	
Tax Phase-out Factor	Note 2	0.0000%	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Nebraska		0.0000%	
Apportionment Factor		0.0000%	
Effective Nebraska State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			<u>7.3742%</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 117 of Template)	Projected		Historic		True-Up	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		149,577	149,525	164,330	164,278	178,348	175,932
1	Apportionment Factor to Texas (In12)	40.33%	40.33%	40.33%	40.33%	40.33%	40.33%
2	Apportioned Texas Revenues	\$60,325	\$60,304	\$66,275	\$66,254	\$71,928	\$70,954
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	42,227	42,213	46,392	46,378	50,350	49,668
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	422	422	464	464	503	497
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	1	1	1	1	1	1
8	Total Additional Gross Margin Tax Revenue Requirement	423	423	465	465	504	498
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)	40.33%					

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet L - Taxes Other than Income
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

HISTORIC PERIOD EXPENSE (2014) - TO BE USED ON TRUE-UP TEMPLATE

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Account	Total Company	Property	Labor	Other	Non-Allocable
1	Revenue Taxes					
2						-
3	Real Estate and Personal Property Taxes					
4			-			
5			-			
6			-			
7			-			
8	Payroll Taxes					
9				-		
10				-		
11				-		
12	<i>Line Deliberately Left Blank</i>					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax					-
17	Franchise Tax				-	
18	Sales/Use				-	
19	License Registration				-	
20					-	
21					-	
22					-	
23					-	
24					-	
25					-	
26					-	
27					-	
28					-	-
29					-	-
30					-	-
31					-	-
32	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	-	-	-	-	-

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2014
AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2014 FF1 Balances
 AEP SOUTHWESTERN TRANSMISSION COMPANY, INC.

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2013 and 12/31/2014

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2014	Balances @ 12/31/2013	Average
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)	(710,364)	(646,214)	(678,289)
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)	0	0	-
5	Average Balance of Common Equity	(710,364)	(646,214)	(678,289)

Development of Cost of Long Term Debt Based on Average Outstanding Balance

6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p.112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	-	-	-
10	Total Average Debt	-	-	-
11	Annual Interest Expense for 2014			
12	Coupon Interest on Long Term Debt (256-257.33.i)			-
	Less: Total Hedge Gain/Expense Accumulated from p 256-257, col (i) of FERC Form 1 included in Ln 12 and shown in Ln Development of Cost of Preferred Stock 13 below.			-
14	Amort of Debt Discount & Expense (428) (p. 117.63.c)			-
15	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			-
16	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
17	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
18	Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 - Ln 16 - Ln 17)			-
19	Average Cost of Debt for 2015 (Ln 18/Ln 10)			0.00%

CALCULATION OF HEDGE GAINS/LOSSES TO BE EXCLUDED FROM TCOS

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

	HEDGE AMOUNTS BY ISSUANCE (FROM p. 256-257 (i) of the FERC Form 1)	Total Hedge (Gain)/Loss for 2015	Remaining Unamortized Balance	Amortization Period	
				Beginning	Ending
21				0	0
22				0	0
23				0	0
24				0	0
25				0	0
26				0	0
27				0	0
28				0	0
29				0	0
30	Total Hedge Amortization to be Removed	-			

Development of Cost of Preferred Stock

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

AEPTCo subsidiaries in SPP
 Cost of Service Formula Rate Using 2014 FF1 Balances
 Calculation of Post-employment Benefits Other than Pensions Expenses Allocable to Transmission Service
 Worksheet O - PBOP Support
 AEP SOUTHWESTERN TRANSMISSION COMPANY

PBOP	(A)	(B)
1	<u>Calculation of PBOP Expenses</u>	
2	<u>AEP TransCo - AEP Service Corp Employees</u>	
3	Total AEP System PBOP expenses	(76,811,513)
4	Base Year relating to retired personnel	\$0
5	Amount allocated on Labor	-\$76,811,513
6	Total AEP System Direct Labor Expense	\$1,252,531,222
7	AEP System PBOP expense per dollar of direct labor (PBOP Rate)	-\$0.061
8	Currently Approved PBOP Rate	\$0.094
9	Base PBOP TransCo labor expensed in current year	\$28,150
10	Allowable TransCo PBOP Expense for current year (Line 8 * Line 9)	\$2,646
11	Direct PBOP Expense per Actuarial Report	\$0
12	Additional PBOP Ledger Entry (From Company Records)	\$0
13	Medicare Credit	\$0
14	PBOP Expenses From AEP Affiliates (From Company Records)	\$1,255
15	Actual PBOP Expense (Sum Lines 11-14)	\$1,255
16	PBOP Adjustment Line 10 less Line 15	\$1,391