AEP - SPP Formula Rate Projected NITS Rates Page: 1 of 69

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

SPP Zone 1 Projected AEP Revenue Requirements

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

PSO Annual

SWEPCO Annual

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

SPP SCHEDULE 1 AEP Revenue Requirements

AEP Annual

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

AEP - SPP Formula Rate Trued-Up NITS Rates Page: 3 of 69

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

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

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A. Netwo	ork Service				
1	TRUE-UP YEAR 2013 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	199,290,072	\$79,257,497	\$120,032,575
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	16,259,173	\$7,027,164	\$9,232,009
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	\$183,030,899	\$72,230,333 39.463%	\$110,800,565 60.537%
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			001.0070	551551.75
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	37,817,445	6,075,934	31,741,511
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)		- 0.075.004	
8	SUBTOTAL		37,817,445	6,075,934	31,741,511
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	145,213,454	66,154,399	79,059,054
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-	-
11	TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2013	(Line 9 + Line 10)	145,213,454	66,154,399	79,059,054
12	2013 Historic AEP West Zone SPP Average 12-Mo. Peak Demand, MW	(Load WS, In 17)	8,114	8,114	8,114
13	Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) /12	1,491.39	679.43	811.96

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

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(Q) = (G) + (P)
				Projected A	ARR For 20	14 From WS-F		Гrue-Up ARR CY2	013 From Work	sheet G (includes ad	justment	for SPP	Collections)			
								Bas	se ARR			Incentive	e ARR			
Sheet Name	Owner	Project Description	Year in Service	Base ARR (WS-F)	Incentive	<u>Total</u>	TRUE-UP Adjustment (WS-G)	Projected ADJUSTED ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True- up	<u>As</u> Billed	<u>Change</u>	Interest	<u>Total Adjustments</u> (True-Up, Billing, & Interest)	Total ADJUSTED Revenue Requirement Effective 7/1/2014
P.001	PSO	Riverside-Glenpool (81-523) Reconductor	2009	127,776	-	127,776	1,627	145,109	148,733	(3,624)	-	-	-	(59)	(2,055)	125,721
P.002	PSO	Craig Jct. to Broken Bow Dam 138 Rebuild (7.7mi)	2009	663,970	-	663,970	14,016	759,590	778,560	(18,970)	-	-	-	(145)	(5,099)	658,871
P.003	PSO	WFEC New 138 kV Ties: Sayre to Erick (WFEC) Line & Atoka and Tupelo station work	2009	1,754,709	-	1,754,709	27,844	1,997,946	2,047,843	(49,897)	-	-	-	(647)	(22,700)	1,732,009
P.004	PSO	Cache-Snyder to Altus Jct. 138 kV line (w/2 ring bus stations)	2008	2,044,949	-	2,044,949	20,919	2,319,642	2,377,573	(57,931)	-	-	-	(1,086)	(38,098)	2,006,852
P.005 P.006 P.007	PSO PSO PSO	Catoosa 138 kV Device (Cap. Bank) Pryor Junction 138/69 Upgrade Transf Elk City - Elk City 69 kV line (CT Upgrades)*	2006 2008 2007	52,119 212,052 11,724	- - -	52,119 212,052 11,724	946 3,562 173	59,507 241,727 13,339	60,993 247,764 13,672	(1,486) (6,037) (333)	- - -	- - -	- - -	(16) (73) (5)	(2,547)	51,562 209,504 11,560
P.008	PSO	Weleetka & Okmulgee Wavetrap replacement 81-805*	2006	7,554	-	7,554	213	8,696	8,913	(217)	-	-	-	(0)		7,549
P.009 P.010 P.011	PSO PSO PSO	Tulsa Southeast Upgrade (repl switches)* Wavetrap Clinton City-Foss Tap 69kV Ckt 1* Bartlesville SE to Coffeyville T Rebuild	2007 2010 2011	9,957 13,956 206,622	- - -	9,957 13,956 206,622	272 278 3,823	11,451 15,877 236,124	11,737 16,273 242,021	(286) (397) (5,897)	- - -	-	- -	(0) (3) (61)	(122)	9,942 13,834 204,487
P.012	PSO	Canadian River - McAlester City 138 kV Line Conversion	2012	492,295	-	492,295	86,763	333,869	342,207	(8,338)	-	-	-	2,300	80,725	573,020
P.013 P.014	PSO PSO	CoffeyvilleT to Dearing 138 kv Rebuild - 1.1 mi* Ashdown West - Craig Junction	2010 2013	3,321 770,625	-	3,321 770,625	55 (780,865)	3,760 870,775	3,853 892,522	(94) (21,747)	-	-	-	(1) (23,542)		3,280 (55,529)
P.015	PSO	Locust Grove to Lone Star 115 kV Rebuild 2.1 miles	2014	347,643	-	347,643	-	-	-	-	-	-	-	-	-	347,643
P.016	PSO	Cornville Station Conversion	2014	729,591	-	729,591	-		-	-	-	-	-	-	-	729,591
		PSO Total		7,448,863	-	7,448,863	(620,375)	7,017,412	7,192,666	(175,254)	-	-	-	\$ (23,337)	(818,965)	\$ 6,629,898
		*<\$100K investment														
		Informational ONLY SWEPCO Total AEP TOTALS		44,179,672 51,628,535	-	44,179,672 51,628,535	(1,656,820) (2,277,195)	30,111,186 37,128,599	30,863,186 38,055,852	(752,000) (927,253)	- -	- -		(121,917 <u>)</u> (145,254 <u>)</u>		41,648,935 48,278,833

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

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

SOUTHWESTERN ELECTRIC POWER COMPANY

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

(A) (B) (C) (D) (E) (F) (G) = (E) + (F) (H) (I) (J) (K) = (I) - (J) (L) (M) (N) = (L)-(M) (O) (P) = (H)+(K)+(N)+(O) (R) = (G) + (P)

Projected ARR For 2014 From WS-F True-Up ARR CY2013 From Worksheet G (includes adjustment for SPP Collections)

							Base ARR			Incentive ARR		Incentive ARR				
Sheet Name	Owner	Project Description	Year in Service	Base ARR	Incentive	<u>Total</u>	TRUE-UP Adjustment (WS- G)	Projected ADJUSTED ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True-up	As Billed	<u>Change</u>	<u>Interest</u>	Total Adjustments (Forecast, Billing, & Interest)	Total ADJUSTED Revenue Requirement Effective 7/1/2014
S.001	SWE	Arsenal Hill Auto xfmr & AH to Water Works line	2009	2,513,394	-	2,513,394	(40,106)	2,868,117	2,939,745	(71,629)	-	-	-	(5,655)	(117,390)	2,396,004
S.002 S.003	SWE	SW Shreveport (sub work & tap) [NW Ark Area Improve - 2009] E. Centerton-Flint	2009 2009	1,155,182 1,950,942	-	1,155,182 1,950,942	(5,068) (49,416)	1,339,457 2,196,024	1,372,909 2,250,868	(33,452) (54,844)	-	-	-	(1,950) (5,277)	(40,470) (109,537)	1,114,712 1,841,405
S.004		Crk, E Rogers-N Rogers, Centerton Rebuild N. Magazine - Danville 161 kV Line	2009	1,638,078	_	1,638,078	(37,583)	1,853,187	1,899,469	(46,282)	_	_	_	(4,245)	(88,109)	1,549,969
S.005	SWE	[Greenwood, AR Area Improve] N Huntington,	2009	424,059	<u>-</u>	424,059	(6,809)	483,821	495,904	(12,083)	_	_	_	(956)	(19,848)	404,210
S.005		Greenwood, Reeves, Bonanza Port Robson-Caplis Line (SW 138 kV Loop 2009)	2009	5,381,592	- -	5,381,592	267,981	5,013,475	5,138,682		-	-	-	7,226	150,000	5,531,592
S.007		Linwood 138 Station Switch Replacement*	2009	10,904	-	10,904	(151)	12,457	12,768	(125,207) (311)	-	-	-	(23)	(485) *	10,419
S.008	SWE	Dyess to S. Fayetteville 69 kV Convert to 161 kV (multi-projects)	2008	1,331,184	-	1,331,184	(10,716)	1,547,385	1,586,030	(38,645)	-	-	-	(2,498)	(51,859)	1,279,326
S.009	SWE	Northwest Texarkana-Bann-Alumax Tap 138kV reconductor	2008	393,743	-	393,743	(9,906)	447,971	459,158	(11,188)	-	-	-	(1,068)	(22,161)	371,582
S.010	SWE		2008	-	-	-	-	-	-	-	-	-	-	-	-	-
S.011	SWE	Siloam Springs - Chamber Springs 161 kV line***	2007	-	-	-	-	-	-	-	-	-	-	-	-	-
S.012	SWE	Knox Lee - Oak Hill #2 138 kV line, S. Shreveport (SWE Minor Proj II)	2007	25,727	-	25,727	(789)	29,061	29,787	(726)	-	-	-	(77)	(1,591)	24,135
S.013		5	2006	493,879	-	493,879	4,022	581,416	595,936	(14,520)	-	-	-	(531)	(11,029)	482,849
S.014		NW Henderson - Oak Hill 138 kV line*	2007	11,237	-	11,237	(179)	12,924	13,247	(323)	-	-	-	(25)	(528) *	10,709
S.015		Arsenal Hill 138kV Device (Cap. Bank)	2007	49,759	-	49,759	(1,146)	56,787	58,206	(1,418)	-	-	-	(130)	(2,694)	47,065 50,740
S.016		Daingerfield - Jenkins REC 69 kV CB Repl**	2008	54,555	-	54,555	(136)	63,651	65,240	(1,590)	-	-	-	(87)	(1,813)	52,742
S.017		Linwood-McWillie 138 kV Rebuild Port Robson (SW 138 kV Loop 2008)	2008	270,238	-	270,238	(6,393)	305,482	313,111	(7,629)	-	-	-	(710)	(14,732)	255,506
S.018 S.019		Wallace Lake-Prt Robson-Red Point 138 kV Loop	2009 2008	- 621,037	-	- 621,037	(15,337)	- 701,030	- 718,538	- (17,508)	-	-	-	- (1,662)	- (34,506)	- 586,531
S.020	SWE	[NW Ark Area Improve - 2008] Elm Springs, East Rogers, Shipe Road Stations	2008	-	-	-	-	-	-	-	-	-	-	-	-	-
S.021	SWE	Reconductor 4 mi. of McNabb-Turk	2010	234,806	-	234,806	(2,728)	265,145	271,766	(6,622)	-	-	-	(473)	(9,823)	224,983
S.022	SWE	Longwood: r&r switches, upgrade bus	2010	29,653	-	29,653	(527)	33,134	33,961	(827)	-	-	-	(69)	(1,423)	28,230
S.023	SWE	Reconductor: Greggton-Lake Lamond & Quitman-Westwood 69 kV lines	2010	690,508	-	690,508	(11,792)	778,608	798,053	(19,445)	-	-	-	(1,581)	(32,818)	657,690
S.024	SWE	Rebuild/reconductor Dyess-Elm Springs REC [Dyess Station-Flint Creek]	2010	755,806	-	755,806	(12,592)	852,085	873,365	(21,280)	-	-	-	(1,714)	(35,586)	720,220
S.025	SWE	Replace switch at Diana*	2010	12,953	-	12,953	(237)	14,578	14,942	(364)	-	-	-	(30)	(632) *	12,321
S.026		Whitney repl CB and Switches	2011	37,143	-	37,143	(1,114)	43,364	44,447	(1,083)	-	-	-	(111)	(2,308) *	34,835
S.027		Linwood - Powell Street 138 kV	2012	64,767	-	64,767	(1,221)	35,585	36,473	(889)	-	-	-	(107)	, , , , , , , , , , , , , , , , , , , ,	62,550
S.028	SWE	Bloomburg-Texarkana Plant Knox Lee - Pirkey 138 kV / Pirkey - Whitney 138 kV -	2012	793,024	-	793,024	(14,325)	387,560	397,238	(9,679)	-	-	-	(1,215)	(25,218) *	767,806
S.029	SWE	Replace Breaker, Wavetraps, and reset relays and CT's	2012	286,588	-	286,588	(6,376)	224,171	229,769	(5,598)	-	-	-	(606)	(12,580) *	274,008
S.030	SWE	NW Texarkana - Turk 345	2012	7,171,111	-	7,171,111	(99,995)	4,216,899	4,322,212	(105,313)	-	-	-	(10,391)	(215,700) *	6,955,411
S.031	SWE	Lone Star South - Pittsburg 138 kV - Replace Wavetraps, reset CT's and Relays	2012	34,686	-	34,686	(584)	12,340	12,648	(308)	-	-	-	(45)	(938) *	33,748
S.032		Howell-Kilgore 69 kV rebuild	2012	626,653	-	626,653	(20,019)	414,050	424,391	(10,341)	-	-	-	(1,537)		594,757
S.033		Flint Creek-Shipe Road 345 kV Line	2012	8,587,440	-	8,587,440	(590,712)	2,109,152	2,161,826	(52,674)	-	-	-	(32,564)		7,911,490
S.034		Bann - LS Ordnance - Hooks 69 kV - Rebuild 7.1 mi	2013	1,267,134	-	1,267,134	(551,772)	1,228,498	1,259,178	(30,681)	-	-	-	(29,479)	, , ,	655,202
S.035 S.036		Diana - Replace North Autotransformer #3 Osburn 161 kV Line Work	2013 2013	595,383 296,328	-	595,383 296,328	(227,969) (26,291)	570,105 259,908	584,343 266,399	(14,238) (6,491)	-	-	-	(12,259) (1,659)	` ,	340,917 261,887
										. ,				. ,	•	

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

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

SOUTHWESTERN ELECTRIC POWER COMPANY

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

(A) (E	B) (C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(1)	(J)	(K) = (I) - (J)	(L)	$(M) \qquad (N) = (L)$	-(M) (O)	(P) = (H)+(K)+(N)+(O)	(R) = (G) + (P)
			Projected A	ARR For 2014	From WS-F		True-	Up ARR CY2013 I	From Worksheet G (in	ncludes adjus	stment for SPP	Collections)		
							В	ase ARR		Inco	entive ARR			
<u>Sheet</u> <u>Name</u> Ow	<u>rner</u> <u>Project Description</u>	Year in Service	Base ARR	<u>Incentive</u>	<u>Total</u>	TRUE-UP Adjustment (WS- G)	Projected ADJUSTED ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	<u>True-up</u> <u>l</u>	<u>As</u> Billed Chang	ge <u>Interest</u>	Total Adjustments (Forecast, Billing, & Interest)	Total ADJUSTED Revenue Requirement Effective 7/1/2014
S.037 SV	NE SW Shreveport to Spring Ridge REC 138 kV Line Rebuild	2013	715,207	-	715,207	(291,292)	688,813	706,016	(17,202)	-	-	- (15,614	4) (324,109) *	391,098
S.038 SV	Factor Switching Station - Whitney 138 kV Station -	2013	466,877	-	466,877	(257,356)	464,947	476,559	(11,612)	-	-	- (13,613	3) (282,581) *	184,296
S.039 SV	Ashdown West - Crain Junction 138KV Pobuild (tip	2013	659,638	-	659,638	371,813	-	-	-	-	-	- 18,818	390,631 *	1,050,269
	WE Rock Hill to Carthage 69 kV Rebuild 11.4 Miles WE Broadmoor to Fern Street 69 kV Rebuild 1 mile	2014 2014	1,419,562 518,947	-	1,419,562 518,947	-	-	-	-	-	-	- 	- * - *	1,419,562 518,947
S.042 SV	NE Northwest Henderson to Poynter 69 kV Rebuild 3.2 miles	2014	656,346	-	656,346	-	-	-	-	-	-		- *	656,346
S.043 SV	NE Diana to Perdue 138 kV Rebuild 21.8 miles; Station Upgrades at Diana and Perdue	2014	1,933,605	-	1,933,605	-	-	-	-	-	-		_ *	1,933,605
	SWEPCO Total		44,179,672	-	44,179,672	(1,656,820)	30,111,186	30,863,186	(752,000)	-	-	- (121,917	(2,530,737)	\$ 41,648,935
	*<\$100K investment, **AI xfer, ***Non-BPU (to be rer	moved from li	st in future).											
	Informational ONLY													
	PSO Total AEP TOTALS		7,448,863 8,868,425	-	7,448,863 8,868,425	(620,375)	7,017,412	7,192,666 7,192,666	(175,254)	<u>-</u>	-	- (23,337 - (23,337	, , , ,	6,629,898 8,049,459
	AEP IUIALS		0,000,423	-	0,000,423	(620,375)	7,017,412	1,192,000	(175,254)	-	-	- (23,337	7) (818,965)	0,049,409

AEP West (SPP Zone-1) Network Load for January Through December, 2013

Based on West Zone-SPP Monthly Transmission System Firm Peak Demands [1] for the Twelve Months Ended December 31, 2013

Historical Combined Load Worksheet (SPP Zone - 1)

Line		ak Day k Hour	1/15/2013 1900	2/20/2013 1900	3/26/2013 800	4/29/2013 1700	5/31/2013 1700	6/27/2013 1600	7/10/2013 1700	8/6/2013 1700	9/4/2013 1700	10/3/2013 1700	11/27/2013 800	12/10/2013 800	12 Month Average MW	LRS
	PP Load Responsibility														.	
1	PSO (2)		2,531	2,490	2,551	2,520	3,059	4,031	3,985	3,987	3,601	3,178	2,437	2,759	3,094.1	38.1%
2	SWEPCO (2)		2,962	2,591	2,695	2,580	3,133	3,681	3,634	3,726	3,616	2,987	2,752	3,001	3,113.2	38.4%
3	AECC (3)		633	615	632	415	570	742	815	763	693	568	615	663	643.7	7.9%
4	WFEC (3)		32	33	31	26	30	33	33	34	31	28	31	30	31.0	0.38%
5	OMPA (3)		85	82	77	89	128	158	155	160	142	118	76	92	113.5	1.4%
6	OG&E (3)		19	21	18	21	22	14	18	21	20	24	23	20	20.1	0.25%
7	NTEC (3)		707	563	655	410	554	641	658	686	633	496	663	741	617.3	7.6%
0	ETEC (3)		91	64	78	51	71	84	88	90	80			98	79.0	1.0%
0				74								65	88			1.0%
9 10	TEXLA (3) Greenbelt (3)		109	74	96 5	68	89	106 13	109 14	115 14	93 12	83	102 6	105 8	95.8 8.8	0.11%
11	Lighthouse (3)		2	1	1	2	2	2	14	3	3	1	2	2	2.0	0.11%
12	Bentonville, AR (3)		90	87	93	88	103	146	150	135	125	112	87	90	108.8	1.3%
13	Prescott, AR (Entergy) (3)		13	11	11	13	11	16	16	18	12	12	7	11	12.6	0.16%
14	Minden, LA (Entergy) (3)		24	21	19	24	31	37	37	33	39	30	21	23	28.3	0.35%
15	Hope, AR (3)		43	41	42	42	47	59	60	59	50	48	35	37	46.9	0.58%
16	Coffeyville, KS (3)		94	93	96	94	106	99	82	115	78	113	107	110	98.9	1.2%
17 Z	one 1 - System Firm Peak Demands		7,442	6,791	7,100	6,451	7,964	9,862	9,857	9,959	9,228	7,870	7,052	7,790	8,114	
	Supporting Data															
18 P	` /		2,493	2,456	2,517	2,498	3,028	3,987	3,934	3,944	3,562	3,147	2,401	2,718		
19	KAMO		31	28	30	21	29	45	45	41	36	31	30	33		
20	GRDA load on PSO		11	10	11	5	7	12	12	11	10	8	11	13		
21 22	Allen Holdenville PSO Load Responsibility		2531	2490	- 7 2551	2520	- <u>5</u> 3059	-13 4031	-6 3985	-9 3987	-7 3601	- <u>8</u> 3178	-5 2437	- <u>5</u> 2759		
22	F30 Load Responsibility	_	2001	2490	2001	2520	3039	4031	3903	3901	3001	3170	2431	2/39		
23 S	WEPCO: SWEPCO Native Load (2) (5)		3,102	2,678	2,809	2,650	3,233	3,799	3,762	3,856	3,737	3,072	2,878	3,128		
24	Lafayette		6	6	6	6	6	6	6	6	0	0	0	0		
25	Dolet Hills Aux. Load (4)		0	0	0	2	0	0	0	0	0	8	2	2		
26	VEMCO (on Entergy/CLECO)		-156	-103	-130	-88	-116	-134	-144	-146	-131	-103	-138	-139		
27	VEMCO (SPA Hydro Replacement) (6))	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
28	SWEPCO Load Responsibility	_	2962	2591	2695	2580	3133	3681	3634	3726	3616	2987	2752	3001		

Notes:

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.						T	ransmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 120)					\$90,291,647
			Total	AI	locator		
2	REVENUE CREDITS	(Note A)					
3	Transmission Credits	(Worksheet H)	5,826,743	DA	1.00000	\$	5,826,743
4	Assoc. Business Development	(Worksheet H)	1,200,420	DA	1.00000	\$	1,200,420
5	Total Revenue Credits		7,027,164			\$	7,027,164
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)					\$83,264,483
MEMO	: The Carrying Charge Calculations on lines 9 to 14 below is used in calcu requirements for these projects	lating project revenue requirements billed on SPP Schoolshown on line 7 is included in the total on line 6.	edule 11. The total non-incen	tive revenue			
7			7,448,863	DA	1.00000	\$	7,448,863
	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Wo	orksheet F)					
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)						
9	Annual Rate	(In 1/ (Sum of Ins 46, 47, 48, 49, 51)) x 100%					16.09%
10	Monthly Rate	(ln 9 / 12)					1.34%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o ii	ncentives) (Note B)					
12	Annual Rate	((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100°	%				13.77%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RET	ΓURN (Note B)					
14	Annual Rate	((In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48	8, 49, 51)) x 100%				4.64%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (No	ote C) (Worksheet F)					-

431,508,421

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)		(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Alle	ocator_	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE D			
16	Production	(Worksheet A In 1.C)	1,375,185,772	NA	0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C) (Worksheet A In 3.C &	(13,330,557)	NA 	0.00000	-
18	Transmission	Hist. Template Ln 169)	731,312,125	DA		677,508,726
19 20	Less: Transmission ARO (Enter Negative) Plus: Transmission Plant-in-Service Additions (Worksheet B)	(Worksheet A In 4.C)	- 104,019,591	TP DA	0.93559 1.00000	- 104,019,591
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		104,019,591	TP	0.93559	104,019,591
22	Distribution	(Worksheet A In 5.C)	1,985,850,803	NA	0.00000	-
23 24	Less: Distribution ARO (Enter Negative) General Plant	(Worksheet A In 6.C) (Worksheet A In 7.C)	- 145,791,181	NA W/S	0.00000 0.07406	- 10 707 265
24 25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(553,653)	W/S	0.07406	10,797,365 (41,004)
26	Intangible Plant	(Worksheet A In 9.C)	41,521,572	W/S	0.07406	3,075,108
27	TOTAL GROSS PLANT	(sum lns 16 to 26)	4,369,796,834			795,359,786
28	ACCUMULATED DEPRECIATION AND AMORTIZATION					
29	Production	(Worksheet A In 12.C)	731,193,117	NA	0.00000	-
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C) (Worksheet A In 14.C &	(3,136,299)	NA	0.00000	-
31	Transmission	28.C)	223,157,173	TP1=	0.92396	206,188,104
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.92396	-
33 34	Plus: Transmission Plant-in-Service Additions (Worksheet B) Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		1,326,133	DA DA	1.00000 1.00000	1,326,133
35	Plus: Additional Transmission Depreciation for 2014 (In 95)		13,945,554	TP1	0.92396	12,885,122
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		12,196,771	W/S	0.07406	903,299
37 38	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) Distribution	(Worksheet A In 16.C)	- 522,665,692	DA NA	1.00000 0.00000	-
39	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA	0.00000	-
40	General Plant	(Worksheet A In 18.C)	81,561,223	W/S	0.07406	6,040,463
41 42	Less: General Plant ARO (Enter Negative) Intangible Plant	(Worksheet A In 19.C) (Worksheet A In 20.C)	(344,058) 26,922,494	W/S W/S	0.07406 0.07406	(25,481) 1,993,893
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	1,609,487,800		0.000	229,311,533
44	NET PLANT IN SERVICE					
45	Production	(In 16 + In 17 - In 29 - In 30)	633,798,397			-
46	Transmission	(ln 18 + ln 19 - ln 31 - ln 32)	508,154,952			471,320,622
47 48	Plus: Transmission Plant-in-Service Additions (In 20 - In 33) Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		102,693,458			102,693,458 -
49	Plus: Additional Transmission Depreciation for 2014 (-In 35)		(13,945,554)			(12,885,122)
50	Plus: Additional General & Intangible Depreciation for 2014 (-In 36)		(12,196,771)			(903,299)
51 52	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37) Distribution	(ln 22 + ln 23 - ln 38 - ln 39)	- 1,463,185,111			- -
53	General Plant	(ln 24 + ln 25 - ln 40 - ln 41)	64,020,363			4,741,379
54 55	Intangible Plant	(In 26 - In 42)	14,599,078			1,081,215
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	2,760,309,034			566,048,253
50		(Note E)				
56 57	DEFERRED TAX ADJUSTMENTS TO RATE BASE Account No. 281.1 (enter negative)	(Note E) 272-273.8.k	<u>-</u>	NA		<u>-</u>
58	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(719,635,118)	DA		(119,712,262)
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & In 12.J)	(199,488,422)	DA		(29,402,647)
60 61	Account No. 190.1 Account No. 255 (enter negative)	(Worksheet C, In 19.C & In 21.J) (Worksheet C, In 28.C & In 30.J)	91,352,613 (143,269)	DA DA		7,818,788 (23,215)
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(827,914,196)			(141,319,334)
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	181,474	DA		-
64	WORKING CAPITAL	(Note F)				
65 66	Cash Working Capital	(1/8 * In 80) (Note G)	1,558,372	TD	0.03550	1,457,998
66 67	Transmission Materials & Supplies A&G Materials & Supplies	(Worksheet D, In 2.(D)) (Worksheet D, In 3.(D))	452,952 237,917	TP W/S	0.93559 0.07406	423,778 17,620
68	Stores Expense	(Worksheet D, In 4.(D))	· -	GP(h)	0.16203	-
69 70	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	100,543,343	W/S	0.07406	7,446,288
70 71	Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.F) (Worksheet D, In 5.E)	2,783,342 -	GP(h) DA	0.16203 1.00000	450,999 -
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(97,530,358)	NA	0.00000	<u>-</u>
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	8,045,569			9,796,683
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(3,017,180)	DA	1.00000	(3,017,180)

RATE BASE (sum Ins 55, 62, 63, 73, 74)

75

1,937,604,700

PUBLIC SERVICE COMPANY OF OKLAHOMA

(1) (2) (3) (4)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	<u>AII</u>	ocator_	Total <u>Transmission</u>
Line	OPERATION & MAINTENANCE EXPENSE					
No. 76	Transmission	321.112.b	76,920,782			
70 77	Less: Total Account 561	(Note I) 321.84-92.b	12,955,581			
78	Less: Account 565	(Note J) 321.96.b	51,498,223			
70 79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)	(14010-0) 021.00.0	\$0			
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	12,466,978	TP	0.93559	11,663,985
		,	,,-			,,
81	Administrative and General	323.197.b (Note K)	51,845,687			
82	Less: Acct. 924, Property Insurance	323.185.b	2,091,732			
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,818,775			
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	246,991			
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,368,499			
86	Balance of A & G	(In 81 - sum In 82 to In 85)	45,319,690	W/S	0.07406	3,356,398
87	Plus: Acct. 924, Property Insurance	(In 82)	2,091,732	GP(h)	0.16203	338,934
88	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	89,647	TP	0.93559	83,873
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34.(E) (Note L)	-	TP	0.93559	-
90	Acct 930.2 - Misc Gen. Exp Trans	Worksheet J In 43.(E) (Note L)	787,278	DA	1.00000	787,278
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(7,729,419)	W/S	0.07406	(572,444)
92	A & G Subtotal	(sum lns 86 to 90 less ln 91)	56,017,766			5,138,927
93	TOTAL O & M EXPENSE	(In 80 + In 92)	68,484,744			16,802,912
94	DEPRECIATION AND AMORTIZATION EXPENSE				•	
95	Transmission	336.7.f	13,945,554	TP	0.93559	13,047,326
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,326,133	DA	1.00000	1,326,133
97	General	336.10.f	4,502,212	W/S	0.07406	333,436
98	Intangible	336.1.f	7,694,559	W/S	0.07406	569,863
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	27,468,458		•	15,276,758
100 101	TAXES OTHER THAN INCOME Labor Related	(Note N)				
102	Payroll	Worksheet L, Col. D	4,887,042	W/S	0.07406	361,937
103	Plant Related					
104	Property	Worksheet L, Col. C	40,142,347	GP(h)	0.16203	6,504,461
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,681	NA	0.00000	-
106	Other	Worksheet L, Col. E	181,296	GP(h)	0.16203	29,376
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	45,215,366			6,895,774
108	INCOME TAXES	(Note O)				
109	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	()	38.56%			
110	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		41.52%			
111	where WCLTD=(In 147) and WACC = (In 150)					
112	and FIT, SIT & p are as given in Note O.					
113	GRCF=1 / (1 - T) = (from In 109)		1.6276			
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	4,408,357			
115	Income Tax Calculation	(In 110 * In 118)	65,756,167			44 644 000
116		(III 110 III 116) (In 113 * In 114)	7,175,127	ND/b)	0.17777	14,644,029 1,275,508
117	ITC adjustment TOTAL INCOME TAXES	(sum lns 115 to 116)	72,931,294	NP(h)	0.17777	15,919,537
	TOTAL II TOOME TAKES	(can inc i i c to i i i o)	12,001,201			10,010,001
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	158,355,868			35,266,167
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		130,500	DA	1.00000	130,500
120 121	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum Ins 93, 99, 107, 117, 118, 119)		372,586,231		:	90,291,647
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		<u>-</u>	DA		-
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		372,586,231		· -	90,291,647

PUBLIC SERVICE COMPANY OF OKLAHOMA

SUPPORTING CALCULATIONS

ln							
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF						
124	Total transmission plant	(In 18, 19, 20, 21)					835,331,716
125	Less transmission plant excluded from SPP Tariff (Note Q)	•					35,920,833
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 2	23, Col. (C)) (Note R)					17,882,566
127	Transmission plant included in SPP Tariff	(ln 124 - ln 125 - ln 126)					781,528,317
128	Percent of transmission plant in SPP Tariff	(In 127 / In 124)				TP=	0.93559
				Payroll Billed from			
129	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total		
130	Production	354.20.b	25,039,575	8,584,173	33,623,748	NA 0.00000	-
131	Transmission	354.21.b	2,733,855	2,935,496	5,669,351	TP 0.93559	5,304,190
132	Regional Market Expenses	354.22.b	0	0	-	NA 0.00000	-
133	Distribution	354.23.b	18,061,128	1,574,756	19,635,884	NA 0.00000	-
134	Other (Excludes A&G)	354.24,25,26.b	7,491,260	5,199,469	12,690,729	NA 0.00000	
135	Total	(sum Ins 130 to 134)	53,325,818	18,293,894	71,619,712		5,304,190
136	Transmission related amount					W/S=	0.07406
137	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Long Term Interest (Worksh	eet M, In. 17, col. (D))				\$ 53,636,039
138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Long Term Interest (Workshipreferred Stock Dividends (V	* **	(D))			\$ 53,636,039
		Long Term Interest (Workship Preferred Stock Dividends (V	* **	(D))			\$ 53,636,039 -
138 139	WEIGHTED AVERAGE COST OF CAPITAL (WACC) Development of Common Stock:	Preferred Stock Dividends (\	Worksheet M, In. 21, col.	(D))			-
138 139 140		•	Worksheet M, In. 21, col.	(D))			\$ 53,636,039 - 942,100,536
138 139 140 141		Preferred Stock Dividends (\ Proprietary Capital (112.16.c	Worksheet M, In. 21, col.	(D))			-
138 139 140 141 142		Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.0) Less Preferred Stock (In 148)	Worksheet M, In. 21, col.	(D))			-
138 139 140 141 142 143		Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.0 Less Preferred Stock (In 148 Less Account 216.1 (112.12	Worksheet M, In. 21, col.	(D))			942,100,536 - -
138 139 140 141 142 143 144		Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.0) Less Preferred Stock (In 148) Less Account 216.1 (112.12) Less Account 219.1 (112.15)	Worksheet M, In. 21, col.	(D)) Capital Structure F	'ercentages	Cost	942,100,536 - - 5,757,380
138 139 140 141 142 143 144		Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.0) Less Preferred Stock (In 148) Less Account 216.1 (112.12) Less Account 219.1 (112.15)	Worksheet M, In. 21, col.				942,100,536 - - 5,757,380 936,343,156
138 139 140 141 142 143 144 145		Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.0) Less Preferred Stock (In 148) Less Account 216.1 (112.12) Less Account 219.1 (112.15)	Worksheet M, In. 21, col.	Capital Structure F	Percentages Cap Limit 0.00%	(Note T)	942,100,536 - - 5,757,380
138 139 140 141 142 143 144 145	Development of Common Stock: Long Term Debt (Worksheet M, In. 17, col. (B))	Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.6) Less Preferred Stock (In 148) Less Account 216.1 (112.12) Less Account 219.1 (112.15) Common Stock (In 141 - In 1	Worksheet M, In. 21, col.	<u>Capital Structure F</u> Actual	Cap Limit	(Note T) 0.0535	942,100,536 - - - 5,757,380 936,343,156 Weighted 0.0277
138 139 140 141 142 143 144 145	Development of Common Stock:	Preferred Stock Dividends (No. 1) Proprietary Capital (112.16.6) Less Preferred Stock (In 148) Less Account 216.1 (112.12) Less Account 219.1 (112.15) Common Stock (In 141 - In 1	Worksheet M, In. 21, col.	Capital Structure F Actual 51.72%	Cap Limit 0.00%	(Note T) 0.0535	942,100,536 - - 5,757,380 936,343,156 Weighted
138 139 140 141 142 143 144 145 146 147	Development of Common Stock: Long Term Debt (Worksheet M, In. 17, col. (B)) Preferred Stock (Worksheet M, In. 21, col. (B))	Preferred Stock Dividends (No. 12.16.0) Proprietary Capital (112.16.0) Less Preferred Stock (In 148 Less Account 216.1 (112.12 Less Account 219.1 (112.15) Common Stock (In 141 - In 1 \$ 1,003,104,301	Worksheet M, In. 21, col.	Capital Structure F Actual 51.72% 0.00%	Cap Limit 0.00% 0.00%	(Note T) 0.0535	942,100,536 - - 5,757,380 936,343,156 Weighted 0.0277 0.0000 0.0541

PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Letter</u> <u>Notes</u>

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.

- 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.
- This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- 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.
- Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
- Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M

 This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p =
 "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a
 work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that
 elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce
 rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
 (In 109) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required: FIT = 35.00%

SIT= 5.48% (State Income Tax Rate or Composite SIT. Worksheet K))
p = 0.00% (percent of federal income tax deductible for state purposes)

p = 0.00% (percent of federal income tax deductible f

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.
- Long Term Debt cost rate = long-term interest (ln 138) / long term debt (ln 147). Preferred Stock cost rate = preferred dividends (ln 139) / preferred outstanding (ln 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP - SPP Formula Rate PSO TCOS - Historic

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No. 152	REVENUE REQUIREMENT (w/o incentives)	(ln 271)	Total	Allo	cator	 ransmission Amount \$78,371,521
153	REVENUE CREDITS	(Note A)				
154	Transmission Credits	(Worksheet H)	5,826,743	DA	1.00000	\$ 5,826,743
155	Assoc. Business Development	(Worksheet H)	1,200,420	DA	1.00000	\$ 1,200,420
156	Total Revenue Credits		7,027,164			\$ 7,027,164
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)				\$ 71,344,357
MEMO:	The Carrying Charge Calculations on lines 160 to 165 below is used in cal revenue requirements for these projects shadows.	culating project revenue requirements billed on lown on line 158 is included in the total on line		non-incentive		
158			7,448,863	DA	1.00000	\$ 7,448,863
	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (World Revenue Requirement for SPP BPU Regional Facilities (w/o incentives)	rksheet F)				
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
160	Annual Rate	(ln 152/ ln 197 x 100%)				16.63%
161	Monthly Rate	(In 160 / 12)				1.39%
162	NET PLANT CARRYING CHARGE ON LINE 160, W/O DEPRECIATION (w/o	incentives) (Note B)				
163	Annual Rate	((ln 152 - ln 246) / ln 197 x 100%)				13.89%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RE					
165	Annual Rate	((ln 152 - ln 246 - ln 268 - ln 269) / ln 197 x 10	0%)			5.21%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (No	te C) (Worksheet F)				-

(5)

(4)

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

(3)

(2)

(1)

	·	. ,	· •			
Line	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u> NOTE D	<u>Alloca</u>	<u>tor</u>	Total <u>Transmission</u>
No.	GROSS PLANT IN SERVICE					
167	Production	(Worksheet A In 1.C)	1,375,185,772	NA	0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(13,330,557)		0.00000	-
	· · · · · · · · · · · · · · · · · · ·	(Worksheet A In 3.C &	,			077 500 700
169	Transmission	Ln 278)	731,312,125	DA		677,508,726
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.92643	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)	,	N/A		0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A		0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	1,985,850,803		0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-		0.00000	-
175	General Plant	(Worksheet A In 7.C)	145,791,181		0.07334	10,691,636
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(553,653)		0.07334	(40,602)
177	Intangible Plant	(Worksheet A In 9.C)	41,521,572		0.07334	3,044,996
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	4,265,777,243		.162035	691,204,755
		(53)	.,=00,,=.0		0.26915	.,
179	ACCUMULATED DEPRECIATION AND AMORTIZATION					
180	Production	(Worksheet A In 12.C)	731,193,117	NA	0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,136,299)	NA	0.00000	-
		(Worksheet A In 14.C	,			
100	Transmission	•	223,157,173.000	TP1=	0.02206	206 189 104 004
182	Lacar Transmission ADO (Enter Nametica)	& 28.C)			0.92396	206,188,104.094
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-		0.92396	- N/A
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A		1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2014 (In 246)		N/A		0.92396	N/A
187	Plus: Additional General & Intangible Depreciation for 2014 (ln 248+ln 249)		N/A		0.07334	N/A
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA	1.00000	N/A
189	Distribution	(Worksheet A In 16.C)	522,665,692		0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-		0.00000	-
191	General Plant	(Worksheet A In 18.C)	81,561,223		0.07334	5,981,314
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(344,058)		0.07334	(25,232)
193	Intangible Plant	(Worksheet A In 20.C)	26,922,494	W/S	0.07334	1,974,368
194	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 180 to 193)	1,582,019,342			214,118,555
195	NET PLANT IN SERVICE					
196	Production	(ln 167 + ln 168 - ln 180 - ln 181)	633,798,397			-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	508,154,952			471,320,621.906
198	Plus: Transmission Plant-in-Service Additions (In 171 - In 184)		N/A			N/A
199	Plus: Additional Trans Plant on Transferred Assets (In 172 - In 185)		N/A			N/A
200	Plus: Additional Transmission Depreciation for 2014 (-ln 186)		N/A			N/A
201	Plus: Additional General & Intangible Depreciation for 2014 (-In 187)		N/A			N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 18	8)	N/A			N/A
203	Distribution	(ln 173 + ln 174 - ln 189 - ln 190)	1,463,185,111			-
204	General Plant	(ln 175 + ln 176 - ln 191 - ln 192)	64,020,363			4,694,951
205	Intangible Plant	(ln 177 - ln 193)	14,599,078			1,070,627
206	TOTAL NET PLANT IN SERVICE	(sum Ins 196 to 205)	2,683,757,901	NP(h)=0	.177768	477,086,200
		,		. ,		
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
209	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(719,635,118)	DA		(119,712,262)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(199,488,422)	DA		(29,402,647)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	91,352,613	DA		7,818,788
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	(143,269)	DA		(23,215)
213	TOTAL ADJUSTMENTS	(sum Ins 208 to 212)	(827,914,196)			(141,319,334)
				_		
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	181,474	DA		-
C 1 =	MODIVINO CARITAL	(1)				
215	WORKING CAPITAL	(Note F)	. === -==			:
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,558,372			1,443,721
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	452,952		0.92643	419,628
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	237,917		0.07334	17,448
219	Stores Expense	(Worksheet D, In 4.(D))	-	` '	0.16203	
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	100,543,343		0.07334	7,373,373
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	2,783,342	` '	0.16203	450,999
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	(07 700 070)		1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(97,530,358)	NA	0.00000	
224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	8,045,569			9,705,168
00-	IDD CONTRIBUTIONS FOR CONSTRUCTION	(NI-4-11) (MI-1-1-4-1-1-4-1-1-4-1-1-4-1-1-4-1-1-4-1-1-4-1-1-4-1-1-4-1-	(0.047.400)	5 4	4.00000	(0.04= :00)
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(3,017,180)	DA	1.00000	(3,017,180)
226	RATE BASE (sum Ins 206, 213, 214, 224, 225)		1,861,053,567			342,454,854
220	= 5.13= (34111110 200, 210, 217, 227, 220)		1,001,000,001			J-72,-TJ-7,UJ-7

PUBLIC SERVICE COMPANY OF OKLAHOMA

(1) (2) (3) (4) (5)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	<u>cator</u>	Total <u>Transmission</u>	
Line	ODEDATION & MAINTENANCE EVDENCE						
No. 227	OPERATION & MAINTENANCE EXPENSE Transmission	321.112.b	76,920,782				
228	Less: Total Account 561	(Note I) 321.84-92.b	12,955,581				
229	Less: Account 565	(Note J) 321.84-92.b (Note J) 321.96.b	51,498,223				
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)	(Note 3) 321.90.b	51,430,225				
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	12,466,978	TP	0.92643	11,549,769	
201	Total Gaw Allocable to Transmission	(1115 227 220 220 200)	12,400,570	• • • • • • • • • • • • • • • • • • • •	0.02040	11,040,700	
232	Administrative and General	323.197.b (Note K)	51,845,687				
233	Less: Acct. 924, Property Insurance	323.185.b	2,091,732				
234	Acct. 928, Reg. Com. Exp.	323.189.b	1,818,775				
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	246,991				
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,368,499				
237	Balance of A & G	(In 232 - sum In 233 to In 236)	45,319,690	W/S	0.07334	3,323,532	
238	Plus: Acct. 924, Property Insurance	(ln 233)	2,091,732	GP(h)	0.16203	338,934	
239	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	89,647	TP	0.92643	83,052	
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34.(E) (Note L)	-	TP	0.92643	-	
241	Acct 930.2 - Misc Gen. Exp Trans	Worksheet J In 43.(E) (Note L)	787,278	DA	1.00000	787,278	
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(7,729,419)	W/S	0.07334	(566,839)	
243	A & G Subtotal	(sum lns 237 to 241 less ln 242)	56,017,766			5,099,634	
244	TOTAL O & M EXPENSE	(In 231 + In 243)	68,484,744			16,649,403	
245	DEPRECIATION AND AMORTIZATION EXPENSE						
246	Transmission	336.7.f	13,945,554	TP	0.92643	12,919,565	
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A			N/A	
248	General	336.10.f	4,502,212	W/S	0.07334	330,171	
249	Intangible	336.1.f	7,694,559	W/S	0.07334	564,283	
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	26,142,325			13,814,018	
251	TAXES OTHER THAN INCOME	(Note N)					
252	Labor Related						
253	Payroll	Worksheet L, Col. D	4,887,042	W/S	0.07334	358,393	
254	Plant Related						
255	Property	Worksheet L, Col. C	40,142,347	GP(h)	0.16203	6,504,461	
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,681	NA	0.00000	-	
257	Other	Worksheet L, Col. E	181,296	GP(h)	0.16203	29,376	
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	45,215,366			6,892,230	
259	INCOME TAXES	(Note O)					
260	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	(1000)	38.56%				
261	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		41.52%				
262	where WCLTD=(In 298) and WACC = (In 301)						
263	and FIT, SIT & p are as given in Note O.						
264	GRCF=1 / (1 - T) = (from In 260)		1.6276				
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	4,408,357				
266	Income Tax Calculation	(ln 261 * ln 269)	63,158,264			11,621,833	
267	ITC adjustment	(ln 264 * ln 265)	7,175,127	NP(h)	0.17777	1,275,508	
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	70,333,391	141 (11)	0.17777	12,897,341	
		(6.1	. 5,555,55			,,	
269	RETURN ON RATE BASE (Rate Base*WACC)	(ln 226 * ln 301)	152,099,524			27,988,029	
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2	2)	130,500	DA	1.00000	130,500	
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		362,405,851			78,371,521	
272	(sum Ins 244, 250, 258, 268, 269, 270)						
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-	
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		362,405,851			78,371,521	

AEP - SPP Formula Rate PSO TCOS - Historic

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

SUPPORTING CALCULATIONS

ln								
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						731,312,125
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a 0	Col. (C)) (Note Q)						35,920,833
277	Less transmission plant included in OATT Ancillary Services (Worksheet	A, In 23, Col. (C)) (Note R)						17,882,566
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						677,508,726
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					TP=	0.92643
				Payroll Billed from				
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total			
281	Production	354.20.b	25,039,575	8,584,173	33,623,748	NA (0.00000	-
282	Transmission	354.21.b	2,733,855	2,935,496	5,669,351		0.92643	5,252,251
283	Regional Market Expenses	354.22.b	C	0	-		0.00000	-
284	Distribution	354.23.b	18,061,128	1,574,756	19,635,884		0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	7,491,260	5,199,469	12,690,729	NA (0.00000	-
286	Total	(sum Ins 281 to 285)	53,325,818	18,293,894	71,619,712			5,252,251
287	Transmission related amount						W/S=	0.07334
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289	(Long Term Interest (Wo	rksheet M. In. 17. col.	(D))				53,636,039
290		Preferred Stock Dividen						-
291	Development of Common Stock:		(**************************************	, (- //				
292		Proprietary Capital (112	.16.c)					942,100,536
293		Less Preferred Stock (In						, , -
294		Less Account 216.1 (11						-
295		Less Account 219.1 (11)						5,757,380
296		Common Stock (In 292 -	•	95)				936,343,156
		,		Capital Structure F	Percentages		Cost	
297		\$		Actual	Cap Limit	1)	Note T)	Weighted
298	Long Term Debt (Worksheet M, In. 17, col. (B))	1,003,104,301		51.72%	0.00%		0.0535	0.0277
299	Preferred Stock (Worksheet M, In. 21, col. (B))	· · · · · · -		0.00%	0.00%		-	0.0000
							44.00/	
300	Common Stock (In 296) (Note U)	936,343,156		48.28%	0.00%		11.2%	0.0541
301	Common Stock (In 296) (Note U) Total (sum Ins 298 to 300)	936,343,156 1,939,447,457		48.28%	0.00%		WACC=	0.0541

AEP - SPP Formula Rate PSO TCOS - Historic Page: 17 of 69

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Notes</u>

- 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.
- 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, ancillarly 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.
- This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- 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.

Ν

- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
- Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
 - 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.
- The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p =
 "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a
 work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that
 elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce
 rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
 (In 260) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT = 35.00%

SIT= 5.48% (State Income Tax Rate or Composite SIT. Worksheet K))

p = 0.00% (percent of federal income tax deductible for state purposes)

- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- 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.
- Long Term Debt cost rate = long-term interest (ln 289) / long term debt (ln 298). Preferred Stock cost rate = preferred dividends (ln 290) / preferred outstanding (ln 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filling.

AEP - SPP Formula Rate PSO TCOS - True-Up Page: 18 of 69

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.						ansmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 107)				\$79,257,497
			<u>Total</u>	Alloc	cator	
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,826,743	DA	1.00000	\$ 5,826,743
4	Assoc. Business Development	(Worksheet H)	1,200,420	DA	1.00000	\$ 1,200,420
5	Total Revenue Credits		7,027,164			\$ 7,027,164
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				\$72,230,333
MEM	O: The Carrying Charge Calculations on lines 9 to 14 b	elow is used in calculating project revenue requirements for these projects shown on line 7 is included in the		n-incentive		
7	Trued-Up Revenue Requirement for SPP BPU Regional G)	Facilities (w/o incentives) (Worksheet	6,075,934	DA	1.00000	\$ 6,075,934
8	NET PLANT CARRYING CHARGE (w/o incentives) (Not	e B)				
9	Annual Rate	(ln 1/ ln 39 x 100%)				17.19%
10	Monthly Rate	(ln 9 / 12)				1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DE	PRECIATION (w/o incentives) (Note B)				
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100%)				14.39%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O IN	COME TAXES, RETURN (Note B)				
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100%)				5.33%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/	incentive ROE's (Note C) (Worksheet G)				-

PUBLIC SERVICE COMPANY OF OKLAHOMA

(1) (2) (3)

		Data Sources				Total
Line	RATE BASE CALCULATION	(See "General Notes")	<u>TO Total</u> NOTE D	Alloc	ator	<u>Transmission</u>
No.	GROSS PLANT IN SERVICE		NOTE D			
16	Production	(Worksheet A In 1.E)	1,359,045,651	NA	0.00000	_
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(13,330,557)	NA	0.00000	_
18	Transmission	(Worksheet A in 2.E) (Worksheet A in 3.E & Ln 114)	719,114,617	DA	0.00000	665,314,022
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	713,114,017	TP	0.92518	-
20	Distribution	(Worksheet A In 5.E)	1,922,612,955	NA	0.00000	_
21	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	1,922,012,933	NA NA	0.00000	_
22	General Plant	(Worksheet A In 7.E)	145,926,996	W/S	0.07324	10,687,226
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 7.E)	(555,964)	W/S	0.07324	(40,717)
23 24	Intangible Plant	(Worksheet A In 9.E)	40,863,092	W/S	0.07324	2,992,682
	TOTAL GROSS PLANT	(sum Ins 16 to 24)	4,173,676,790		0.16268	
25	TOTAL GROSS PLAINT	(Sulli IIIS 10 to 24)	4,173,070,790	GP(TU)= GTD=	0.16266	678,953,213
26	ACCUMULATED DEPRECIATION AND AMORTIZATION	ON				
27	Production	(Worksheet A In 12.E)	724,327,389	NA	0.00000	-
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(2,844,949)	NA	0.00000	-
29	Transmission	(Worksheet A In 14.E & 28.E)	220,899,635	TP1=	0.92495	204,320,082
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.92495	-
31	Distribution	(Worksheet A In 16.E)	514,481,337	NA	0.00000	-
32	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	, , , <u>-</u>	NA	0.00000	-
33	General Plant	(Worksheet A In 18.E)	80,801,899	W/S	0.07324	5,917,672
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(332,197)	W/S	0.07324	(24,329)
35	Intangible Plant	(Worksheet A In 20.E)	26,817,164	W/S	0.07324	1,964,003
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	1,564,150,276			212,177,428
27	NET PLANT IN SERVICE					
37 38	Production	(In 16 + In 17 - In 27 - In 28)	624,232,654			
39	Transmission	(ln 18 + ln 19 - ln 29 - ln 30)	498,214,983			460,993,941
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,408,131,618			400,993,941
41	General Plant	,	· · · · · ·			- 4 752 166
		(ln 22 + ln 23 - ln 33 - ln 34)	64,901,331			4,753,166
42	Intangible Plant	(ln 24 - ln 35)	14,045,929	ND/TU\	0.47007	1,028,679
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	2,609,526,513	NP(TU)=	0.17887	466,775,785
4.4		(Note C)				
44 45	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)		NIA		
45 40	Account No. 281.1 (enter negative)	272-273.8.k	(000 005 755)	NA DA		- (4.4.7.7.40.700)
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	(688,305,755)	DA		(117,740,789)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(179,659,900)	DA		(16,717,657)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	89,923,403	DA		7,621,135
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	(163,072)	DA		(26,528)
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(778,205,323)			(126,863,838)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	181,474	DA		-
52	WORKING CAPITAL	(Note F)				
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,558,372			1,441,783
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	436,349	TP	0.92518	403,703
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	281,417	W/S	0.07324	20,610
56	Stores Expense	(Worksheet D, In 4.(F))	- · · · · · · · · · · · · · · · · · · ·	GP(TU)	0.16268	· -
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	105,979,477	W/S	0.07324	7,761,597
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	2,844,098	GP(TU)	0.16268	462,664
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000	- ,
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(102,381,818)	NA	0.00000	-
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	8,717,896		- 2333 3	10,090,357
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(3,314,934)	DA	1.00000	(3,314,934)
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		1,836,905,626			346,687,370
03	10.11 D.OL (30111113 70, 30, 31, 01, 02)		1,000,000,020			JTU,UUI,JIU

PUBLIC SERVICE COMPANY OF OKLAHOMA

(1) (2) (3) (4)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	<u>cator</u>	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
64	Transmission	321.112.b	76,920,782			
65	Less: Total Account 561	(Note I) 321.84-92.b	12,955,581			
66	Less: Account 565	(Note J) 321.96.b	51,498,223			
67	Less: expenses 100% assigned to TO billed customers	s (Worksheet I, In 14)	\$0			
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	12,466,978	TP	0.92518	11,534,260
69	Administrative and General	323.197.b (Note K)	51,845,687			
70	Less: Acct. 924, Property Insurance	323.185.b	2,091,732			
71	Acct. 928, Reg. Com. Exp.	323.189.b	1,818,775			
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	246,991			
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,368,499			
74	Balance of A & G	(In 69 - sum In 70 to In 73)	45,319,690	W/S	0.07324	3,319,069
75	Plus: Acct. 924, Property Insurance	(In 70)	2,091,732	GP(TU)	0.16268	340,273
76	Acct. 924, 1 Toperty Insurance Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	89,647	TP	0.92518	82,940
	•	,	09,047			82,940
77 70	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	- 707.070	GP(TU)	0.16268	-
78 70	Acct 930.2 - Misc Gen. Exp Trans	Worksheet J In 43.(E) (Note L)	787,278	DA	1.00000	787,278
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(7,729,419)	W/S	0.07324	(566,078)
80	A & G Subtotal	(sum lns 74 to 78 less ln 79)	56,017,766			5,095,637
81	TOTAL O & M EXPENSE	(In 68 + In 80)	68,484,744			16,629,898
82	DEPRECIATION AND AMORTIZATION EXPENSE					
83	Transmission	336.7.f	13,945,554	TP	0.92518	12,902,217
84	General	336.10.f	4,502,212	W/S	0.07324	329,728
85	Intangible	336.1.f	7,694,559	W/S	0.07324	563,525
	•			VV/3	0.07324	·
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	26,142,325			13,795,469
87	TAXES OTHER THAN INCOME	(Note N)				
88	Labor Related					
89	Payroll	Worksheet L, Col. D	4,887,042	W/S	0.07324	357,911
90	Plant Related					
91	Property	Worksheet L, Col. C	40,142,347	GP(TU)	0.16268	6,530,160
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,681	NA ´	0.00000	· · · · -
93	Other	Worksheet L, Col. E	181,296	GP(TU)	0.16268	29,492
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	45,215,366	- (- /		6,917,563
95	INCOME TAXES	(Note O)				
96	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	(38.56%			
97	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		41.27%			
98	where WCLTD=(In 134) and WACC = (In 137)		71.27/0			
99						
	and FIT, SIT & p are as given in Note O.		1.6076			
100	GRCF=1/(1-T) = (from In 96)	(FFA = 444 l= 40 a)	1.6276			
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	4,408,357			
102	Income Tax Calculation	(In 97 * In 105)	62,685,626			11,830,937
103	ITC adjustment	(ln 100 * ln 101)	7,175,127	NP(TU)	0.17887	1,283,442
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	69,860,753	()	3.1.1 33.	13,114,379
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	151,904,904			28,669,688
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (N	ote E) (Worksheet E, In 2)	130,500	DA	1.00000	130,500
40=		AMA DOIN TAY	201 700 700			70.057.107
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS	MARGIN TAX	361,738,592			79,257,497
108	(sum lns 81, 86, 94, 104, 105, 106)					
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA		-
110	REVENUE REQUIREMENT INCLUDING GROSS MAR	RGIN TAX	361,738,592			79,257,497

PUBLIC SERVICE COMPANY OF OKLAHOMA

SUPPORTING CALCULATIONS

In									
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
111	Total transmission plant	(In 18)							719,114,617
112	Less transmission plant excluded from SPP Tariff (W	` ,)						35,920,833
113	Less transmission plant included in OATT Ancillary Se)					17,879,762
114	Transmission plant included in SPP Tariff	(ln 111 - ln 112 - ln 113)	,					_	665,314,022
115	Percent of transmission plant in SPP Tariff	(In 114 / In 111)						TP=	0.92518
					Payroll Billed from				
116	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	AEP Service Corp.	Total			
117	Production	354.20.b		25,039,575	8,584,173	33,623,748	NA	0.00000	-
118	Transmission	354.21.b		2,733,855	2,935,496	5,669,351	TP	0.92518	5,245,198
119	Regional Market Expenses	354.22.b		0	0	-	NA	0.00000	-
120	Distribution	354.23.b		18,061,128	1,574,756	19,635,884	NA	0.00000	-
121	Other (Excludes A&G)		0	7,491,260	5,199,469	12,690,729	NA	0.00000	-
122	Total	(sum Ins 117 to 121)		53,325,818	18,293,894	71,619,712			5,245,198
123	Transmission related amount							W/S=	0.07324
124	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
125	Long Term Interest	Long Term Interest (Worksheet N	N. In. 19. c	col. (F))				_	53,852,457
126	Preferred Dividends	Preferred Stock Dividends (Work		` ''					-
127	Development of Common Stock:	Troiding Clock Dividends (Vien		17, 0011 (2))					Average
128	Proprietary Capital	(Worksheet N, In. 1, col. (E))						_	929,189,234
129	Less Preferred Stock (In 135)	(Worksheet N, In. 2, col. (E))							-
130	Less Account 216.1	(Worksheet N, In. 3, col. (E))							-
131	Less Account 219	(Worksheet N, In. 4, col. (E))							6,118,882
132	Common Stock	(ln 128 - ln 129 - ln 130 - ln 131)						_	923,070,352
102	Common Clock	(11.120 11.120 11.100 11.101)			Capital Structure	Percentages		Cost	020,010,002
122									
133		2013 Avg Balances						(Note S)	Weighted
133 134	Ava Lona Term Debt (Worksheet N. In. 10. col. (E))	2013 Avg Balances 978.305	5.470		Actual	Cap Limit		(Note S)	Weighted 0.0283
134	Avg Long Term Debt (Worksheet N, In. 10, col. (E)) Avg Preferred Stock (Worksheet N, In. 46, col. (E))	2013 Avg Balances 978,305	5,470 -		Actual 51.45%	Cap Limit 0.00%		5.50%	0.0283
	Avg Preferred Stock (Worksheet N, In. 46, col. (E))	978,305	-		Actual	Cap Limit		· · · · · · · · · · · · · · · · · · ·	0.0283 0.0000
134 135			-),352_		Actual 51.45% 0.00%	Cap Limit 0.00% 0.00%		5.50% 0.00%	0.0283

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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

- b) If transmission owner ("TO") functionalizes its costs to transmission on its books, those costs are shown above and on any supporting work papers rather than using the allocations above.
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 work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that
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 rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
 (In 96) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT = 35.00%

SIT= 5.48% (State Income Tax Rate or Composite SIT. Worksheet K)
p = 0.00% (percent of federal income tax deductible for state purposes)

- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
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- 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.
- Long Term Debt cost rate = long-term interest (ln 125) / long term debt (ln 134). Preferred Stock cost rate = preferred dividends (ln 126) / preferred outstanding (ln 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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

Line	(A)	(B)	(C) Balances @	(D) Balances	(E) Average Balance for
<u>Number</u>	Rate Base Item & Supporting Balance	Source of Data	12/31/2013	12/31/2012	2013
NOTE: Fund	tional ARO investment and accumulated depreciation	balances shown below are included in the total fun	nctional balances shown h	ere.	
Plant Investr	nent Balances				
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	1,375,185,772	1,342,905,530	1,359,045,651
2	Production Asset Retirement Obligation (ARO)	FF1, page 205&204, Col.(g)&(b), Ins 15,24,34,44	13,330,557	13,330,557	13,330,557
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	731,312,125	706,917,109	719,114,617
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	1,985,850,803	1,859,375,106	1,922,612,955
6	Distribution Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74	-	-	-
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99	145,791,181	146,062,810	145,926,996
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	553,653	558,274	555,964
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	41,521,572	40,204,612	40,863,092
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	4,279,661,453	4,095,465,167	4,187,563,310
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	13,884,210	13,888,831	13,886,521
Accumulated	Depreciation & Amortization Balances				
12	Production Accumulated Depreciation	FF1, page 219, Ins 20-24, Col. (b)	731,193,117	717,461,660	724,327,389
13	Production ARO Accumulated Depreciation	Company Records	3,136,299	2,553,598	2,844,949
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	223,157,173	218,642,096	220,899,635
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, In 26, Col. (b)	522,665,692	506,296,982	514,481,337
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)	81,561,223	80,042,574	80,801,899
19	General ARO Accumulated Depreciation	Company Records	344,058	320,337	332,197
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	26,922,494	26,711,833	26,817,164
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	1,585,499,699	1,549,155,145	1,567,327,422
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	3,480,357	2,873,935	3,177,146
	Step-Up Units				
23 24	GSU Investment Amount GSU Accumulated Depreciation	Company Records Company Records	17,882,566 3,367,495	17,876,958 3,285,064	17,879,762 3,326,279
25	GSU Net Balance	(Line 23 - Line 24)	14,515,071	14,591,894	14,553,482
Transmissio	n Plant Excluded from SPP Tariff (see TCOS Note Q)				
23a 24a	Excluded Facilities Investment Amount Excluded Facilities Accumulated Depreciation	Company Records Company Records	35,920,833 13,601,574	35,920,833 12,904,973	35,920,833 13,253,273
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	22,319,259	23,015,860	22,667,560
Transmissio	n Accumulated Depreciation Net of GSU/Excluded Fac	cilities Accumulated Depreciation			
26	Transmission Accumulated Depreciation	(Line 14 Above)	223,157,173	218,642,096	220,899,635
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	16,969,069	16,190,037	16,579,553
28	Subtotal of Transmission Accumulated Depreciation Net of GSU/Excluded Facilities	(Line 26 - Line 27)	206,188,104	202,452,059	204,320,082
Plant Held Fo	or Future Use				
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	181,474	181,474	181,474
30	Transmission Plant Held For Future	Company Records		-	-

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AEP West SPP Member Companies

2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances **Worksheet B** - Projected Transmission Plant in Service Additions

PUBLIC SERVICE COMPANY OF OKLAHOMA

I. Calculation of Composite Depreciation Rate

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

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

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

III. Plant Transferred

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

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

Line	(A)	(B)	(C)	(E)	(F) 100% Transmission	(G) PTD Plant	(H) Transmission & Distribution	(I) Labor	(J) Total Included in Rate base
<u>No.</u>	Acc. No.	<u>Description</u>	YE Balance	Exclusions *	Related	Related	Plant Related	Related	(E)+(F)+(G)+(H)
1	282.1	Account 282 - Form-1 page 274-275, Ln 2 Col. (k) 282 Balance to Use in Projection 2013 Year End Tax Deferrals - WS C-1	(719,635,118)	20,895,227	-	(737,379,340)	-	(3,151,004)	
2 3	282.1 282.1	Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total		<u>0.0000%</u> 0	<u>100.0000%</u> 0	<u>16.2035%</u> (119,481,182)	<u>26.9145%</u> 0	7.3335% (231,080)	(119,712,262)
4 5	282.1 282.1	282 Balance to Use in True-Up 2013 Year End Tax Deferrals - WS C-1 2012 Year End Tax Deferrals - WS C-2	(719,635,118) (656,976,392)	20,895,227 53,361,930	- -	(737,379,340) (707,467,278)	- -	(3,151,004) (2,871,043)	
6 7 8 9		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	(1,376,611,509) (688,305,755)	74,257,157 37,128,578 <u>0.0000%</u> 0	- 0 <u>100.0000%</u> 0	(1,444,846,618) (722,423,309) <u>16.2675%</u> (117,520,271)	- 0 <u>27.2214%</u> 0	(6,022,048) (3,011,024) <u>7.3237%</u> (220,518)	(117,740,789)
		Account 283 - Form-1 page 276-277, Ln 9, Col (k) 283 Balance to Use in Projection							
10 11 12	283.1 283.1 283.1	2013 Year End Tax Deferrals - WS C-1 Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total	(199,488,422)	(4,330,576) 0.0000% 0	100.0000 <u>%</u> 0	(159,343,710) <u>16.2035%</u> (25,819,241)	(4,887,215) <u>26.9145%</u> (1,315,372)	(30,926,922) <u>7.3335%</u> (2,268,034)	(29,402,647)
13 14	283.1 283.1	283 Balance to Use in True-Up 2013 Year End Tax Deferrals - WS C-1 2012 Year End Tax Deferrals - WS C-2	(199,488,422) (159,831,378)	(4,330,576) (123,260,957)	- -	(159,343,710) (3,443,801)	(4,887,215) (4,685,961)	(30,926,922) (28,440,658)	
15 16 17 18		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	(359,319,800) (179,659,900)	(127,591,533) (63,795,766) <u>0.0000%</u> 0	0 100.0000 <u>%</u> 0	(162,787,511) (81,393,755) <u>16.2675%</u> (13,240,736)	(9,573,176) (4,786,588) <u>27.2214%</u> (1,302,975)	(59,367,580) (29,683,790) <u>7.3237%</u> (2,173,946)	(16,717,657)
		Account 190 - Form-1 page 234, Ln 8, Col. (c)							
19 20	190.1 190.1	2013 Year End Tax Deferrals - Ws C-1 Transmission Allocator from Historic TCOS [GP or W/S]	91,352,613	37,145,104 <u>0.0000%</u>	- 100.0000%	43,331,258 16.2035%	- <u>26.9145%</u>	10,876,251 <u>7.3335%</u>	
21	190.1	Allocated Total 190 Balance to Use in True-Up		0	0	7,021,176	0	797,613	7,818,788
22 23	190.1 190.1	2013 Year End Tax Deferrals - Ws C-1 2012 Year End Tax Deferrals - Ws C-2	91,352,613 88,494,193	37,145,104 37,095,979	-	43,331,258 40,615,409	-	10,876,251 10,782,804	
24 25 26 27		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	179,846,805 89,923,403	74,241,083 37,120,542 <u>0.0000%</u> 0	- 0 <u>100.0000%</u> 0	83,946,667 41,973,334 <u>16.2675%</u> 6,828,015	- 0 <u>27.2214%</u> 0	21,659,055 10,829,528 <u>7.3237%</u> 793,120	7,621,135
		Account 255 - Form-1 page 266-267			Ir	Pre 1971 ITC ncludable in Rate			
28 29 30	255.0 255.0 255.0	255 Balance to Use in Projection Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h) Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total	(143,269)	<u>N/A</u>	<u>N/A</u>	Base (143,269) 16.2035% (23,215)	<u>N/A</u>	<u>N/A</u> [(23,215)
31 32	255.0 255.0	255 Balance to Use in True-Up Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h) Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 266, Ln 2.b)	(143,269) (182,874)			(143,269) (182,874)			
33 34 35 36		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	(326,143) (163,072)	<u>N/A</u>	<u>N/A</u>	(326,143) (163,072) <u>16.2675%</u> (26,528)	<u>N/A</u>	<u>N/A</u> [(26,528)

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

PUBLIC SERVICE COMPANY OF OKLAHOMA DETAIL OF DEFERRED INCOME TAX BALANCES AS OF DECEMBER 31, 2013

				Allocation		100%	Allocation Method		
Account	Line #	Description	Balance	Basis	Exclusions	Transmission	PTD Plant	T&D	Labor
2821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		
2821001 2821001	230A 230G	ACRS BENEFIT NORMALIZED ACRS-ACCRUED BK REMOVAL COSTS	(364,230,177) (16,947,671)	PTD PTD			(364,230,177) (16,947,671)		
2821001 2821001	230I 230J	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	(1,257,723) 92,625	PTD PTD			(1,257,723) 92,625		
2821001 2821001	230X 280H	R & D DEDUCTION - SEC 174 BK PLANT IN SERVICE - SFAS 143 - ARO	(2,091,202) (2,490,304)	PTD E	(2,490,304)		(2,091,202)		
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(16,061,672)	PTD	(2,490,304)		(16,061,672)		
2821001 2821001	295C 320A	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP ABFUDC	3,128,710 (6,281,446)	PTD PTD			3,128,710 (6,281,446)		
2821001 2821001	380J 390A	INT EXP CAPITALIZED FOR TAX CIAC - BOOK RECEIPTS	9,836,864 14,317,135	PTD E	14,317,135		9,836,864		
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(66,677)	PTD	14,517,100		(66,677)		
2821001 2821001	532A 532C	PERCENT REPAIR ALLOWANCE BOOK/TAX UNIT OF PROPERTY ADJ	(22,694,348) (29,842,099)	PTD PTD			(22,694,348) (29,842,099)		
2821001 2821001	532D 534A	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ CAPITALIZED RELOCATION COSTS	(22,290,407) (12,492,685)	PTD PTD			(22,290,407) (12,492,685)		
2821001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD	40,000,444		(178,005)		
2821001 2821001	651A 710H	IMPAIRED ASSETS RES-FAS 121-BK AMORT ELEC PLT ACQ ADJS	10,996,441 51,037	E E	10,996,441 51,037				
2821001 2821001	710T 710U	AMORT CHELSEA MUN AUTH-TX CHELSEA ACQUSITON ADJ-25 YR TX	31,820 134,172	E E	31,820 134,172				
2821001 2821001	710V 711N	PLANT ACQUSITION ADJ-CSIAP-TX CAPITALIZED SOFTWARE COSTS-TAX	150,789	Е	150,789				4 220
2821001	7110	BOOK LEASES CAPITALIZED FOR TAX	4,320 (1,483,817)	Labor PTD			(1,483,817)		4,320
2821001 2821001	711R 712K	CAPITALIZED LEASES - A/C 1011 ASSETS CAPITALIZED SOFTWARE COST-BOOK	(86,916) (3,155,325)	PTD Labor			(86,916)		(3,155,325)
2821001 2821001	910K 910N	REMOVAL CST ACCRUED BK REMOVAL COST - ACRS	(75,502,820) 14,486,761	PTD PTD			(75,502,820) 14,486,761		,
2821001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(2,940,256)	Е	(2,940,256)		14,400,701		
2821001 2821001	930J 940I	PROV FOR WRITEDOWN OF INVEST 1985-1987 IRS AUDIT SETTLEMENT	644,392 (135,065)	E PTD	644,392		(135,065)		
2821001	960F-XS	EXCESS ADFIT 282	(7,162,910)	PTD			(7,162,910)		
2821001	(absolute valu	TOTAL ELECTRIC ACCOUNT SUBTOTAL e Total Company Amount Ties to FF1 p.275(k) Acct 282 Electric)	(719,635,118) 719,635,118		20,895,227	0	(737,379,340)	0	(3,151,004)
	(absolute value	e Total Company Amount Hes to FFT p.273(k) Acct 202 Electric)	719,033,116						
2831001	014A-DSITC	ADSITC STATE C/F-DEF STATE TAX ASSET-L/T	(1,721,922)	Е	(1,721,922)				
2831001 2831001	014C-DSIT 433B	NOL-STATE C/F-DEF STATE TAX ASSET-L/T INTEREST-FUEL OVER/UNDER RECOVERY	(2,322,907)	E E	(2,322,907) 1,490				
2831001	533I	INDIAN RESERVATION SECTION 481a ADJUSTMENT	(25,347,091)	PTD			(25,347,091)		
2831001 2831001	575E 576E	MTM BK GAIN-A/L-TAX DEFL MARK & SPREAD-DEFL-283-A/L	(872,025) 34,611	E E	(872,025) 34,611				
2831001 2831001	605B 605C	ACCRUED BK PENSION EXPENSE ACCRUED BK PENSION COSTS - SFAS 158	(33,011,076) 33,042,447	Labor E	33,042,447				(33,011,076)
2831001 2831001	612E 630J	ACCRUED RAIL SETTLEMENT - BNFS DEFD STORM DAMAGE	0 (6,559,982)	E PTD	0		(6,559,982)		
2831001	630M	RATE CASE DEFD CHGS	(81,416)	PTD			(81,416)		
2831001 2831001	632U 638A	BK DEFL-DEMAND SIDE MNGMT EXP BOOK > TAX BASIS - EMA-A/C 283	(3,966,593) 3,978	PTD E	3,978		(3,966,593)		
2831001 2831001	660M 660N	REG ASSET-CARRY COST ON STRANDED COST REG ASSET-DEFD CARRY COST ON STRANDED COST	0 (0)	E PTD	0		(0)		
2831001	660R	REG ASSET-DEFD ACCR VEGETATION MGT EXPENSE	(4,887,215)	T&D	(00.040.447)		(0)	(4,887,215)	
2831001 2831001	661R 661S	REG ASSET-SFAS 158 - PENSIONS REG ASSET-SFAS 158 - SERP	(33,042,447) (39,592)	E E	(33,042,447) (39,592)				
2831001 2831001	661T 661V	REG ASSET-SFAS 158 - OPEB REG ASSET-RED ROCK FACILITY	6,072,029 (1,844,895)	E E	6,072,029 (1,844,895)				
2831001	663C	REG ASSET-GENERATION MAINTENANCE EXP	(1,026,674)	Е	(1,026,674)				
2831001 2831001	663D 664K	REG ASSET-NOx EXPENSE REG ASSET-PSO ICE STORM EXPENSES	-	E E	0				
2831001 2831001	665G 667F	REG ASSET-UND/REC PSO BPF REG ASSET-PSO ENVIRONMENTAL COMPLIANCE COSTS	(223,226) (295,818)	E E	(223,226) (295,818)				
2831001	900A	LOSS ON REACQUIRED DEBT	(3,309,104)	PTD	(200,010)		(3,309,104)		(4.455.000)
2831001 2831001	906A 906D	ACCRD SFAS 106 PST RETIRE EXP SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	(1,155,989) 5,126,317	Labor Labor					(1,155,989) 5,126,317
2831001 2831001	906Z 913Y	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET BK DEFL - MERGER COSTS	(1,886,173) 0	Labor E	0				(1,886,173)
2831001	960X	STATE NOL CURRENT BENEFIT	(2,095,625)	Е	(2,095,625)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(120,079,524)	PTD			(120,079,524)		
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(199,488,422)		(4,330,576)	0	(159,343,710)	(4,887,215)	(30,926,922)
	(absolute value	e Total Company Amount Ties to FF1 p.277(k) Acct 283 Electric)	199,488,422						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	543,226	Е	543,226				
1901001 1901001	014A 433F	ACCUM DITC-STATE-A/C 2550002 PSO-FUEL O/U RECOVERY-WSLE	3,411,131 (344,264)	E E	3,411,131 (344,264)				
1901001	460A	UNBILLED REVENUE	5,563,095	Е	5,563,095		40		
1901001 1901001	520A 576F	PROVS POSS REV REFDS-A/L MARK & SPREAD-DEFL-190-A/L	43 (224,083)	PTD E	(224,083)		43		
1901001 1901001	602A 605E	PROV WORKER'S COMP SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	458,869 448,192	Labor Labor					458,869 448,192
1901001 1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158 ACCRD BK SUP. SAVINGS PLAN EXP	39,592	Е	39,592				
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	422,356 0	Labor E	0				422,356
1901001 1901001	605O 610A	ACCRUED PSI PLAN EXP BK PROV UNCOLL ACCTS - ST	895,127 161,709	Labor PTD			161,709		895,127
1901001 1901001	610V 612G	PROV-FAS 157 - A/L ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN	(1) 441,571	E Labor	(1)				441,571
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	3,464,112	Labor					3,464,112
1901001 1901001	613E 613K	ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN	2,091,092 705,463	Labor Labor					2,091,092 705,463
1901001 1901001	613Y 615B	ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST-LONG-TERM - FIN 48	6,959 (892,168)	Labor E	(892,168)				6,959
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	1,009,033	Е	1,009,033				
1901001 1901001	615C 615C-MJE	ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	192,961 (197,866)	E	192,961 (197,866)				
1901001 1901001	615E 615O	ACCRUED STATE INCOME TAX EXP BK DFL RAIL TRANS REV/EXP	(206,580)	E E	(206,580) 0				
1901001 1901001	639A 641I	DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO)	(8,884) 305,166	E PTD	(8,884)		305,166		
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	348,705	Е	348,705		303,100		
1901001 1901001	663U 700B	REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS	(2,240,012) 87	E PTD	(2,240,012)		87		
1901001 1901001	712P 906F	PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158	1,681 (6,072,029)	PTD E	(6,072,029)		1,681		
1901001	906K	ACCRD SFAS 112 PST EMPLOY BEN	1,942,511	Labor	, , , ,				1,942,511
1901001 1901001	906P 911V	ACCRD BOOK ARO EXPENSE - SFAS 143 ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	8,024,661 (257,460)	E E	8,024,661 (257,460)				
1901001 1901001	911V-MJE 911W	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE ACCRD SIT TX RESERVE-SHORT-TERM-FIN 48	693,998 (66,279)	E E	693,998 (66,279)				
1901001	960E	AMT CREDIT - DEFERRED	21,540	Е	21,540		40.007.004		
1901001 1901001	911Q-DSIT 911F-FIN48	DEFD STATE INCOME TAXES DEFD STATE INCOME TAXES - FIN 48	42,027,834 56,030	PTD E	56,030		42,027,834		
1901001	940X	IRS CAPITALIZATION ADJUSTMENT	834,738	PTD			834,738		
1901002 1901002	014A 014A-DSITC	ACCUM DITC-STATE-A/C 2550002-MJE ADSITC STATE C/F-DEF STATE TAX ASSET-L/T	16,194,103 4,919,776	E E	16,194,103 4,919,776				
1901002	014A-DSITC 014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	4,919,776 6,636,878	E	4,919,776 6,636,878				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	91,352,613		37,145,104	0	43,331,258	0	10,876,251
		(Total Company Amount Ties to FF1 p.234(c) Electric)	91,352,613					 	

Worksheet C-2 - ADIT & ITC Details

PUBLIC SERVICE COMPANY OF OKLAHOMA DETAIL OF DEFERRED INCOME TAX BALANCES AS OF DECEMBER 31, 2012

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method PTD Plant	T&D	Labor
821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		4.5
821001	230A	ACRS BENEFIT NORMALIZED	(342,339,595)	PTD			(342,339,595)		
821001 821001	230G 230I	ACRS-ACCRUED BK REMOVAL COSTS CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(16,947,671) (1,257,723)	PTD PTD			(16,947,671) (1,257,723)		
321001 321001	230J 230X	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD R & D DEDUCTION - SEC 174	92,625 (1,708,786)	PTD PTD			92,625 (1,708,786)		
21001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(1,042,567)	E	(1,042,567)		, , ,		
321001 321001	295A 295C	GAIN/LOSS ON ACRS/MACRS PROPERTY GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	(24,034,660) 3,128,711	PTD PTD			(24,034,660) 3,128,711		
321001 321001	320A 380J	ABFUDC INT EXP CAPITALIZED FOR TAX	(5,528,416) 8,255,584	PTD PTD			(5,528,416) 8,255,584		
21001	390A	CIAC - BOOK RECEIPTS	11,540,102	E	11,540,102				
21001 21001	510H 532A	PROPERTY TAX-NEW METHOD-BOOK PERCENT REPAIR ALLOWANCE	(66,677) (22,694,348)	PTD PTD			(66,677) (22,694,348)		
21001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(23,914,612)	PTD			(23,914,612)		
21001 21001	532D 534A	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ CAPITALIZED RELOCATION COSTS	(22,290,407) (11,432,016)	PTD PTD			(22,290,407) (11,432,016)		
21001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD	40.000.444		(178,005)		
21001 21001	651A 710H	IMPAIRED ASSETS RES-FAS 121-BK AMORT ELEC PLT ACQ ADJS	10,996,441 51,037	E E	10,996,441 51,037				
21001 21001	710T 710U	AMORT CHELSEA MUN AUTH-TX CHELSEA ACQUSITON ADJ-25 YR TX	31,820 134,172	E E	31,820 134,172				
21001	710V	PLANT ACQUSITION ADJ-CSIAP-TX	150,789	E	150,789				
21001 21001	711N 711O	CAPITALIZED SOFTWARE COSTS-TAX BOOK LEASES CAPITALIZED FOR TAX	5,993 (1,413,728)	Labor PTD			(1,413,728)		5,99
21001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(86,916)	PTD			(86,916)		
21001 21001	712K 910K	CAPITALIZED SOFTWARE COST-BOOK REMOVAL CST	(2,877,036) (65,430,079)	Labor PTD			(65,430,079)		(2,877,03
21001	910N	ACCRUED BK REMOVAL COST - ACRS	14,486,761	PTD	(0.040.050)		14,486,761		
21001 21001	930A 930J	BOOK > TAX BASIS-PRTSHP INVEST PROV FOR WRITEDOWN OF INVEST	(2,940,256) 644,392	E E	(2,940,256) 644,392				
21001 21001	940I 960F-XS	1985-1987 IRS AUDIT SETTLEMENT EXCESS ADFIT 282	(135,065)	PTD PTD	•		(135,065) (7,853,597)		
	900L-Y2	DEFERRED TAX RECLASS ASSOC W/INDIAN RESERV PROP	(7,853,597) 33,796,000	E E	33,796,000		(7,853,597)		
2821001	(absolute va	TOTAL ELECTRIC ACCOUNT SUBTOTAL alue Total Company Amount Ties to FF1 p.275(k) Acct 282 Electric)	(656,976,392) 656,976,392		53,361,930	0	(707,467,278)	0	(2,871,04
	(absolute Va	101 Company / infount 1160 to 11 1 p.2/0(k) Acct 202 Electric)	000,970,392						
1001		NOL-STATE C/F-DEF STATE TAX ASSET-L/T	(2,095,625)	E	(2,095,625)				
31001 31001	433B 562H	INTEREST-FUEL OVER/UNDER RECOVERY DEFERRED INTERCOMPANY TAX G/L	1,490 0	E E	1,490 0				
31001	575E	MTM BK GAIN-A/L-TAX DEFL	1,136,463	E	1,136,463				
31001 31001	576E 605B	MARK & SPREAD-DEFL-283-A/L ACCRUED BK PENSION EXPENSE	(5,927) (35,884,776)	E Labor	(5,927)				(35,884,776
31001	605C	ACCRUED BK PENSION COSTS - SFAS 158	43,455,239	E	43,455,239				, - , - ~ 1, 1 1
31001 31001	612D 612E	FUEL INVENTORIES ACCRUED RAIL SETTLEMENT - BNFS	0	E E	0 0				
31001 31001	630J 630M	DEFD STORM DAMAGE RATE CASE DEFD CHGS	(2,681,903)	PTD PTD			(2,681,903)		
31001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(2,186,685)	PTD			(2,186,685)		
1001 1001	638A 639C	BOOK > TAX BASIS - EMA-A/C 283 DEFD BK LOSS-NON-AFF SALE-EMA	(4,012)	E E	(4,012) 0				
31001	660M	REG ASSET - CARRY COST ON STRANDED COST	4,791,958	PTD	Ç		4,791,958		
1001 1001	660N 660R	REG ASSET - DEFD CARRY COST ON STRANDED COST REG ASSET - DEFD ACCR VEGETATION MGT EXPENSE	455,747 (4,685,961)	PTD T&D			455,747	(4,685,961)	
31001	661R	REG ASSET - SFAS 158 - PENSIONS	(43,455,239)	E	(43,455,239)			(1,200,201)	
31001 31001	661S 661T	REG ASSET - SFAS 158 - SERP REG ASSET - SFAS 158 - OPEB	(36,177) (3,199,823)	E E	(36,177) (3,199,823)				
31001 31001	661V 663C	REG ASSET - RED ROCK FACILITY REG ASSET - GENERATION MAINTENANCE EXP	(1,923,925)	E	(1,923,925)				
31001	663D	REG ASSET - GENERATION MAINTENANCE EXP	(1,586,672) (52,950)	E E	(1,586,672) (52,950)				
31001 31001	664K 667F	REG ASSET-PSO ICE STORM EXPENSES REG ASSET-PSO ENVIRONMENTAL COMPLIANCE COSTS	(1,529,955) (147,998)	E E	(1,529,955) (147,998)				
31001	900A	LOSS ON REACQUIRED DEBT	(3,822,918)	PTD	(147,330)		(3,822,918)		
31001 31001	906A 906D	ACCRD SFAS 106 PST RETIRE EXP SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	3,397,093 4,047,025	Labor Labor					3,397,093 4,047,023
31001	913Y	BK DEFL - MERGER COSTS	0	E	0				.,0 ,0=
31001	960X	STATE NOL CURRENT BENEFIT	(2,095,625)	Е	(2,095,625)				
31002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(111,720,220)	Е	(111,720,220)				
2831	(absolute va	TOTAL ELECTRIC ACCOUNT SUBTOTAL alue Total Company Amount Ties to FF1 p.277(k) Acct 283 Electric)	(159,831,378) 159,831,378	-	(123,260,957)	0	(3,443,801)	(4,685,961)	(28,440,658
01001 01001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE ACCUM DITC-STATE-A/C 2550002	381,335 1,596,723	E E	381,335				
01001	014A 433F	PSO-FUEL O/U RECOVERY-WSLE	1,596,723	E	1,596,723 0				
01001 01001	460A 520A	UNBILLED REVENUE PROVS POSS REV REFDS-A/L	3,549,188 133	E PTD	3,549,188		133		
01001	576F	MARK & SPREAD-DEFL-190-A/L	(199,639)	E	(199,639)		133		
)1001)1001	602A 605E	PROV WORKER'S COMP SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	603,337 414,232	Labor Labor					603,33° 414,23°
1001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	36,177	E	36,177				·
	605J	ACCRD BK SUP. SAVINGS PLAN EXP EMPLOYER SAVINGS PLAN MATCH	370,713 0	Labor E	0				370,71
1001	605O 610A	ACCRUED PSI PLAN EXP BK PROV UNCOLL ACCTS	949,963 305,207	Labor PTD			305,207		949,96
1001 1001 1001		PROV UNCOLL ACCIS PROV-TRADING CREDIT RISK - A/L	0	E	0		ასⴢ,∠U/		
01001 01001 01001 01001 01001	610U			Е	(5,011)				3,143,27
01001 01001 01001 01001 01001	610U 610V	PROV-FAS 157 - A/L	(5,011) 3 143 277		(0,011)				2,048,34
1001 1001 1001 1001 1001 1001 1001	610U 610V 612Y 613E	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY	3,143,277 2,048,342	Labor Labor	(0,011)				577,87
1001 1001 1001 1001 1001 1001 1001 100	610U 610V 612Y 613E 613K	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN	3,143,277 2,048,342 577,872	Labor Labor Labor	(0,011)				•
1001 1001 1001 1001 1001 1001 1001 100	610U 610V 612Y 613E 613K 613Y 615A	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE	3,143,277 2,048,342 577,872 228,058 0	Labor Labor Labor Labor E	0				·
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS	3,143,277 2,048,342 577,872 228,058	Labor Labor Labor Labor					•
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365	Labor Labor Labor Labor E E	0 (952,269) 1,009,033 236,365				·
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033	Labor Labor Labor Labor E E	0 (952,269) 1,009,033				·
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0	Labor Labor Labor E E E E E	0 (952,269) 1,009,033 236,365 (197,866) 0				•
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO)	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884) 281,120	Labor Labor Labor E E E E E E E F E E F F D	0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884)		281,120		•
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP - STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884)	Labor Labor Labor E E E E E E	0 (952,269) 1,009,033 236,365 (197,866) 0		281,120		· · · · · · · · · · · · · · · · · · ·
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884) 281,120 (1,871,456) 0 964	Labor Labor Labor E E E E E E E E E E E F T D E E P T D	0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884)		964		· · · · · · · · · · · · · · · · · · ·
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) 281,120 (1,871,456) 0	Labor Labor Labor E E E E E E F E E E E E	0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884)		·		· · · · · · · · · · · · · · · · · · ·
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B 712P 906F 906K	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158 ACCRD SFAS 112 PST EMPLOY BEN	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) 281,120 (1,871,456) 0 964 1,681 3,199,823 2,447,010	Labor Labor Labor Labor E E E E E E F D PTD E Labor	0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) (1,871,456) 0		964		228,05
01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B 712P 906F 906F 906P 911F-FIN48	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158 ACCRD SFAS 112 PST EMPLOY BEN ACCRD BOOK ARO EXPENSE - SFAS 143 3 FIN 48 DSIT	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) 281,120 (1,871,456) 0 964 1,681 3,199,823	Labor Labor Labor E E E E E E E F D PTD E PTD E	0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) (1,871,456) 0		964		228,05
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01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B 712P 906F 906F 906P 911F-FIN48 911Q-DSIT 911V 911V-MJE 911W	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158 ACCRD SFAS 112 PST EMPLOY BEN ACCRD BOOK ARO EXPENSE - SFAS 143 3 FIN 48 DSIT DSIT ENTRY - NORMALIZED ACCRD SIT TX RESERVE-LNG-TERM-FIN 48 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884) 281,120 (1,871,456) 0 964 1,681 3,199,823 2,447,010 7,699,547 (51,904) 39,102,077 (274,494) 693,998 53,655	Labor Labor Labor E E E E E E F PTD E Labor E PTD E Labor E E F E E E E E E E E E E E E E E E E	0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) (1,871,456) 0 3,199,823 7,699,547 (51,904) (274,494)		964 1,681 39,102,077		228,058
01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B 712P 906F 906K 906P 911F-FIN48 911Q-DSIT 911V 911V-MJE	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158 ACCRD SFAS 112 PST EMPLOY BEN ACCRD BOOK ARO EXPENSE - SFAS 143 3 FIN 48 DSIT DSIT ENTRY - NORMALIZED ACCRD SIT TX RESERVE-LNG-TERM-FIN 48 ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) 281,120 (1,871,456) 0 964 1,681 3,199,823 2,447,010 7,699,547 (51,904) 39,102,077 (274,494) 693,998	Labor Labor Labor Labor E E E E E E E PTD E PTD PTD E Labor E PTD E E E PTD E E E E E E E E E E E E E E E E E E E	0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) (1,871,456) 0 3,199,823 7,699,547 (51,904) (274,494) 693,998		964 1,681		2,447,010
1001 1001 1001 1001 1001 1001 1001 100	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B 712P 906F 906F 906K 906P 911F-FIN48 911Q-DSIT 911V 911V-MJE 911W 940X	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTERST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158 ACCRD SFAS 112 PST EMPLOY BEN ACCRD BOOK ARO EXPENSE - SFAS 143 3 FIN 48 DSIT DSIT ENTRY - NORMALIZED ACCRD SIT TX RESERVE-LNG-TERM-FIN 48 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48 IRS CAPITALIZATION ADJUSTMENT	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 0 (8,884) 281,120 (1,871,456) 0 964 1,681 3,199,823 2,447,010 7,699,547 (51,904) 39,102,077 (274,494) 693,998 53,655 924,227	Labor Labor Labor E E E E E E PTD E PTD PTD E Labor E PTD	0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) (1,871,456) 0 3,199,823 7,699,547 (51,904) (274,494) 693,998 53,655		964 1,681 39,102,077		228,058
01001 01001	610U 610V 612Y 613E 613K 613Y 615A 615B 615B-MJE 615C 615C-MJE 615O 638C 639A 641I 652G 663U 700B 712P 906F 906K 906P 911F-FIN48 911Q-DSIT 911V 911V-MJE 911W 940X 960E	PROV-FAS 157 - A/L ACCRD COMPANYWIDE INCENTV PLAN ACCRUED BOOK VACATION PAY (ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS ACCRUED INTEREST EXP -STATE ACCRUED INTEREST-LONG-TERM - FIN 48 ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48 ACCRD INTRST-TAX RES-S/T-FIN 48-MJE BK DFL RAIL TRANS REV/EXP TAX > BOOK BASIS - EMA-A/C 190 DEFD BK GAIN-NON-AFF SALE-EMA ADVANCE RENTAL INC (CUR MO) REG LIAB-UNREAL MTM GAIN-DEFL REG ASSET-DEFERRED BASE LOAD PUR PWR TAX DEFL - FRAN COSTS PROF SERVICES CAPITALIZED-TX ACCRD OPEB COSTS - SFAS 158 ACCRD SFAS 112 PST EMPLOY BEN ACCRD BOOK ARO EXPENSE - SFAS 143 B FIN 48 DSIT DSIT ENTRY - NORMALIZED ACCRD SIT TX RESERVE-LNG-TERM-FIN 48 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48 IRS CAPITALIZATION ADJUSTMENT AMT CREDIT - DEFERRED	3,143,277 2,048,342 577,872 228,058 0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) 281,120 (1,871,456) 0 964 1,681 3,199,823 2,447,010 7,699,547 (51,904) 39,102,077 (274,494) 693,998 53,655 924,227 20,053	Labor Labor Labor Labor E E E E E E PTD E Labor E PTD E Labor E PTD E E PTD E E E PTD E E E PTD E E E E E E E E E E E E E E E E E E E	0 (952,269) 1,009,033 236,365 (197,866) 0 (8,884) (1,871,456) 0 3,199,823 7,699,547 (51,904) (274,494) 693,998 53,655 20,053		964 1,681 39,102,077		228,05

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

				PUBLIC SERVICE COM	PANY OF OKLAHOMA				
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(1)
			<u>Mate</u>	rials & Supplies					
<u>Line</u> <u>Number</u>			<u>Source</u>	Balance @ December 31, 2013 FF1, p. 227, Col. (c)	Balance @ December 31, 2012 FF1, p. 227, Col. (b)	Average Balance for Rate Year 2013			
1				71 7 (-)	,, , , , , , , , , , , , , , , , , , , ,				
2	Transmiss	sion Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	452,952	419,745	436,349			
3	General N	Naterials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	237,917	324,917	281,417			
4	Stores Ex	pense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	-			

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

			Prepayments Account 165 -	Balance @ 12/31/20					
	Acc. No.	<u>Description</u>	2013 <u>YE Balance</u>	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Plant <u>Related</u>	Labor <u>Related</u>	Total Included in Rate Base (E)+(F)+(G)	
8 9 10	1650001 1650004 1650005	Prepaid Insurance Prepaid Interest Prepaid Employee Benefits	1,089,497 0 0	0 0 0		605,413	484,084	1,089,497 - -	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins. Prepaid Executive Life Insurance
11	1650006	Other Prepayments	547,256	547,256					Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
12 13 14 15 16	1650009 1650010 165001113 165001213 1650014	Prepaid Carry Cost-Factored Prepaid Pension Benefits Prepaid Sales Taxes Prepaid Use Taxes FAS 158 Qual Contra Asset	64,371 99,687,782 1,500,000 150,000 (99,687,782)	64,371 (99,687,782)		1,500,000 150,000	99,687,782	99,687,782 1,500,000 150,000	AR Factoring - Excluded because it is retail. Prefunded Pension Expense Non-Cash Offset Excludable from Rate Base
	1650016 1650021	FAS 112 ASSETS Prepaid Insurance - EIS	899,406	, , ,		527,928	371,477		SFAS 158 Offset Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
17	1650023 1650028	Prepaid Leases Trinity Rail Car Lease - Non-current	1,196,856 348,941	1,196,856 348,941				- -	
18		Subtotal - Form 1, p 111.57.c	5,796,327	(97,530,358)	0	2,783,342	100,543,343	103,326,685	•

			Prepayments Account 165 -	Balance @ 12/31/20					
19	Acc. No.	<u>Description</u>	2012 <u>YE Balance</u>	Excludable <u>Balances</u>	100% Transmission <u>Related</u>	Plant <u>Related</u>	Labor <u>Related</u>	Total Included in Rate Base (E)+(F)+(G)	
20 21 22	1650001 1650004 1650005	Prepaid Insurance Prepaid Interest Prepaid Employee Benefits	1,047,117 0 0	0 0 0		574,025 0	473,092		Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins. Prepaid Executive Life Insurance
23 24 25 26 27 28 29	1650006 1650009 1650010 165001112 165001212 1650014 1650016	Other Prepayments Prepaid Carry Cost-Factored AR Prepaid Pension Benefits Prepaid Sales Taxes Prepaid Use Taxes FAS 158 Qual Contra Asset FAS 112 ASSETS	528,200 51,080 110,582,517 1,500,000 150,000 (110,582,517)	528,200 51,080 (110,582,517)		1,500,000 150,000	110,582,517	- 110,582,517 1,500,000 150,000 - -	
	1650021 1650023 1650028	Prepaid Insurance - EIS Prepaid Leases Trinity Rail Car Lease - Non-current	1,040,832 1,224,163 1,545,797	1,224,163 1,545,797		680,830	360,003	1,040,832 - -	Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
30		Subtotal - Form 1, p 111.57.c	7,087,189	(107,233,277)		2,904,855	111,415,611	114,320,466	-

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

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

AEP West SPP Member Companies

2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances

Worksheet F - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects
Based on a Carrying Charge Derived from Historic 2013 Data

PUBLIC SERVICE COMPANY OF OKLAHOMA

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

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

ROE w/o incentives (Projected	TCOS, In 149)		11.20%		
Project ROE Incentive Adder (E	nter as whole num	ber)	0 b	asis points	
ROE with additional 0 basis poil	nt incentive		11.20% <	==Incentive ROE	Cannot Exceed 12.45%
Determine R (cost of long term	debt, cost of prefer	red stock and percent is	s from Projected TCOS, I	ns 147 through 149))
	<u>%</u>	Cost	Weighted cost		
Long Term Debt	51.72%	0.0535	0.0277		
Preferred Stock	0.00%	0.0000	0.0000		
Common Stock	48.28%	0.1120	<u>0.0541</u>		
		R =	0.0817		

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

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

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

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

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

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

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

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

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

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

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

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

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

Incremental FCR with 0 Basis Point ROE increase, less Depreciation III. Calculation of Composite Depreciation Rate

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

AEP - SPP Formula Rate PSO TCOS - WS F Page: 30 of 69

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

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

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

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

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

ROE w/o incentives (True-L	Jp TCOS, In 136)		11.20%	
Project ROE Incentive Adde	r (Enter as whole	number)	0 basis points	
ROE with additional 0 basis	point incentive		11.20% <==Incentive ROE Cannot Exceed 1	2.45%
Determine R (cost of long to	erm debt, cost of p	oreferred stock and perce	nt is from True-Up TCOS, Ins 134 through 136)	
	<u>%</u>	Cost	Weighted cost	
Long Term Debt	51.45%	0.0550	0.0283	
Preferred Stock	0.00%	0.0000	0.0000	
Common Stock	48.55%	0.1120	0.0544	

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

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

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

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

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

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

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

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

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

C. Determine Gross Margin Tax with hypothetical 0.112 basis point increase in ROE. Net Revenue Requirement before Gross Margin Taxes, with 0. 79 257 497

Net Revenue Requirement before Gross Margin Taxes, with 0	79,257,497
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	-
otal Additional Gross Margin Tax Revenue Requirement	-

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

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

III. Calculation of Composite Depreciation Rate

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

AEP - SPP Formula Rate PSO TCOS - WS G Page: 31 of 69

	Rev R	equire	W Ind	centives	Incentive	Amounts
TRUE-UP YEAR 2013		•				
∑ Prior Year Projected (WS-F)	\$	6,696,308	\$	6,696,308	\$	-
∑ Prior Year True-Up (WS-G)	\$	6,075,934	\$	6,075,934	\$	-
True-up Adjustment For 2013	3	(620,375)		(620,375)		-

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

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

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

Revenue	Credits	for
---------	----------------	-----

eveni	ie Credits for	Total Company	Non- Transmission	Transmission
I.	Account 450, Forfeited Discounts	2,662,702	2,662,702	-
II.	Account 451, Miscellaneous Service Revenues	4,582,754	4,582,754	-
III.	Account 454, Rent from Electric Property			
	1 Account 4540001 - Rent from Elect Property-Aff	1,867,325	1,819,960	47,365
	2 Account 4540002 - Rent from Elect Property - Non-Aff	179,906	154,997	24,909
	3 Account 4540005 - Rent from Elect Property - Pole Attach	102,889	57,135	45,754
	4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	3,066,804	3,066,804	-
	5 Total Rents from Electirc Property	5,216,925		118,029
	(Revenue related to transmission facilities for pole attachments, rentals, etc. Provide data sources and expl	anations in Section	on VIII, Notes below)	
IV.	Account 4560015, Revenues from Associated Business Development			
	1 Account 4560015, Revenues from Associated Business Development	3,126,086		1,082,391
V.	Total Other Operating Revenues To Reduce Revenue Requirement			1,200,420
VI.	Account 456.1, Revenues from Transmission of Electricity of Others			36,437,289
	(Provide data sources and any detailed explanations necessary in Section VIII Notes below) Less:			
	1 Transmission Direct Assignment Revenue (if costs not in the ARR)			-
	2 Sponsored Upgrade Revenue			-
	3 Credits against Transmission Service Revenue related to Generation Interconnections			971,715
	4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			1,497,326
	5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			13,671,943
	6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			-
	7 Distribution and Other Non-Transmission Revenue			258,146
	8 Revenue from SPP Ancillary Services Provided			3,733,976
	9 Base Plan Revenue (from SPP)			9,622,379
	10 Flow Through of ERCOT Ancillary Charges			- · · · · · · · · · · · · · · · · · · ·
	11 Other			855,060
	xx		4.5	
	Net Transm	ission Credi	its	\$5,826,743
VII.	Total Worksheet A Revenue Credits			\$7,027,164
3/111	Data Sources:			

VIII. Data Sources:

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

AEP - SPP Formula Rate PSO TCOS - WS I

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

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

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

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

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

	(A)	(B)	(C)	(D)	(E) <u>100%</u>	(F)
<u>Line</u> Number	FERC Acct No.	<u>Description</u>	<u>2013</u> Expense	100% Non-Transmission	Transmission Specific	<u>Explanation</u>
1 2 3 4	9260021 9260057	Account 926 2007 Base Year OPEB Expense (Note 1) Postretirement Benefits - OPEB Postret Ben Medicare Subsidy OPEB Billed From Service Corporation Net 2007 Base Year Expense	7,738,548 (2,016,228) 452,416 6,174,736			
5 6 7 8 9	9260021 9260057	2013 Current Year Expense Postretirement Benefits - OPEB Postret Ben Medicare Subsidy OPEB Billed From Service Corporation Net 2013 Expense Net Increase (Decrease) in OPEB Expense	(2,755,591) 1,018,024 182,884 (1,554,683) (7,729,419)	This Amount Is Alloca	ated on Wages &	Salaries
	Note 1: A	bsent a 205 Filing with FERC, the base amounts (Lns 1-4	4) will not change	in subsequent years	5.	
11 12		Account 928 Reg Commission Expense - OCC Annual Fees Reg Commission Expense Admin	1,349,962 11,966	1,349,962 11,966	-	Oklahoma Corporation Commission Assessment FERC Assessment Fees To accumulate AEPSC costs in connection with the
13	9280002	Reg Commission Exp - Case	371,850	291,670	80,180	Preparation and filing of the 2013 Public Service of Oklahoma base rate case. PSO - Updates required as a result of FERC Docket ER07-
14 15		Reg Commission Exp - Transmission Reg Commission Exp - Labor Accruals	1,781 530	436	•	1369-000. Labor accruals - for various depts Determination of Use and Usefulness of Additional
16 17 18 19	9280002 9280002	Reg Commission Exp - Misc Filings Reg Commission Exp - Misc Filings Reg Commission Exp - Misc Filings Rate Case Amort	1,271 2,186 43,529 35,700	1,271 2,186 35,936 35,700	- - 7,593 -	Baseload Generation before the OCC Misc Filing Before the OCC Reg/Leg Act-Oklahoma Rate Case Amortization
20		Total (FF1, pg. 323)	1,818,775	1,729,127	89,647	- -
		<u>Account 930.1</u>				
21 22 23 24 25 26 27 28 29	9301001 9301002 9301006 9301007 9301008 9301009 9301010	General Advertising Expenses Newspaper Advertising Space Radio Station Advertising Time Spec Corporate Comm Info Proj Special Adv Space & Prod Exp Direct Mail and Handouts Fairs, Shows, and Exhibits Publicity Dedications, Tours, & Openings	83,028 33,377 25,804 1,200 9,350 0 925 3,023	33,377 25,804 1,200 9,350 0 925	0 0 0 0 0 0 0	
30 31		Public Opinion Surveys Movies Slide Films & Speeches	26,923 0	26,923	0	
32	9301014	Video Communications	14	14	0	
33	9301015	Other Corporate Comm Exp	63,348	·	0	_
34		Total (FF1, pg. 323)	246,991	246,991	0	-
35 36 37 38 39 40 41 42	9302003 9302004 9302006 9302006 9302007	Account 930.2 Misc General Expenses Corporate & Fiscal Expenses Research, Develop&Demonstr Exp Assoc Bus Development - Materials Sold-Trans Assoc Bus Development - Materials Sold-Non Trans Assoc Business Development Exp - Transmission Assoc Business Development Exp - Non-Transmission AEPSC Non Affliated expenses	595,641 44,405 8,775 0 117,381 787,278 814,990 30	8,775 0 117,381 0 814,990	0 0 0 0 0 787,278 0	
42	3302430	ALI OO NOII AIIIIaleu expelises	30	30	0	

2,368,499

1,581,222

787,278

Total (FF1, pg. 323)

AEP West SPP Member Companies

Cost of Service Formula Rate Using 2013 FF1 Balances

Worksheet K - Development of Composite State Income Tax Rate

PUBLIC SERVICE COMPANY OF OKLAHOMA

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2013

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

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

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

II. CALCULATION OF TEXAS GROSS MARGIN TAX

	<u>Projected</u>		<u>Hist</u>	<u>oric</u>	<u>Actual</u>	
Line # REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Total Company 372,586,231	Trans. Only 90,291,647	Total Company 362,405,851	Trans. Only 78,371,521	Total Company 361,738,592	Trans. Only 79,257,497
1 Apportionment Factor to Texas (In12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 Apportioned Texas Revenues	\$0	\$0	\$0	\$0	\$0	\$0
3 Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4 Taxable, Apportioned Margin	-	-	-	-	-	-
5 Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6 Texas Gross Margin Tax Expense	-	-	-	-	-	-
7 Gross-up Required for Texas Gross Margin Expense ((In 6 * In 3 * In 1)/(1- In 5) * In 5)	-	-	-	-	-	-
8 Total Additional Gross Margin Tax Revenue Requirement	-		-	-	-	-

9 WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)

10 Texas Jurisdictional Load - KW

11 Total Load ____ KW

12 Allocation Percentage (In 10 / In 11) 0.00%

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

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

	(A)	(B)	(C)	(D)	(E)	(F)
Line		Total				
No.	Account	Company	Property	Labor	Other	Non-Allocable
1	Revenue Taxes					
2	OH CAT Tax	77				77
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum	39,087,975	39,087,975			
5	Texas Ad Valorum	1,047,563	1,047,563			
6	Louisiana Ad Valorum	6,809	6,809			
7	Nevada Ad Valorum	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	4,472,150		4,472,150		
10	Federal Unemployment Tax	42,365		42,365		
11	State Unemployment Insurance	372,527		372,527		
• •	State Chemployment modranes	312,321		012,021		
12	Production Taxes					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax	1,867				1,867
17	Ok State Franchise Tax	20,000			20,000	
18	Ok Sales & Use Taxes	2,239				2,239
19	Ok Local Franchise Tax - 2012	161,159			161,159	
20	Ok Local Franchise Tax - 2011				-	
21	Ohio State Franchise	-			-	
22	Tx Sales & Use Taxes	498				498
23	Tx State Franchise	-			-	
24	MI Misc Tax				-	
25	Ok Misc Tax	70			70	
26	MT Misc Tax	15			15	
26	Wy Misc Tax	52			52	
07	Total Tayon by Allenship Dasis	45.045.000	40 4 40 0 47	4 007 040	404.000	4.004
27	Total Taxes by Allocable Basis	45,215,366	40,142,347	4,887,042	181,296	4,681
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	45,215,366				

AEP - SPP Formula Rate PSO TCOS - WS M Page: 37 of 69

AEP West SPP Member Companies Cost of Service Formula Rate Using 2013 FF1 Balances

Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2013 PUBLIC SERVICE COMPANY OF OKLAHOMA

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	Principle Amount FF1.p. 257.x (h)	Interest Rate	Annual Expense	<u>Notes</u>
Long Term Debt (FF1.p. 256-257.h) 1 Other Long Term Debt				
2 Oklahoma Local Revolving Credit Facility	50,000,000		99,373	p256.1 L8(h)
3 Pollution Control Bonds				
4 Pollution Control Bonds - Series 2009	33,700,000	5.25%	1,769,250	
5 Pollution Control Bonds - Series 2007	12,660,000	4.45%	563,370	p257 L25h)
6 Senior Unsecured Notes				
7 Senior Unsecured Notes - Series F	150,000,000	6.15%	9,225,000	p256 L14(h)
8 Senior Unsecured Notes - Series G	250,000,000	6.625%	16,562,500	
9 Senior Unsecured Notes - Series H	250,000,000	5.15%	12,875,000	
10 Senior Unsecured Notes - Series I	250,000,000	4.40%		p256.1 L3(h)
11 GridSMART Promissory Note	6,744,301	3.00%	207,091	p257 L27(h)
Issuance Discount, Premium, & Expenses:				
12 Financial Hedges & Auction Fees	FF1.p. 256 & 257.Lines Described as F	ledges or Fees	(1,167,106)	256 Ln17(i) 257 Ln5(i)
13 Amort of Debt Discount and Expenses	FF1.p. 117.63.c (also WS-N Ln 15)		1,032,721	2()
14 Less: Amor of Debt Premimums	FF1.p. 117.65.c (also WS-N Ln 17)		-	
Reacquired Debt:				
15 Amortization of Loss	FF1.p. 117.64.c (also WS-N Ln 16)		1,468,040	
16 Less: Amortization of Gain	FF1.p. 117.66.c (also WS-N Ln 18)		-	
17 Total Interest on Long Term Debt	1,003,104,301	5.35%	53,636,039]
Preferred Stock (FF1.p. 250-251)	Preferred Balance Outstanding			
18	-		-	
19	- ·		-	
20			-	
21 Dividends on Preferred Stock	-1	0.00%	-	1
				-

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

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

(A)	(B)	(C)	(D)	(E)
<u>Line</u>		Balances @ 12/31/2013	Balances @ 12/31/2012	Average
Devel	opment of Average Balance of Common Equity		•	
	1 Total Proprietary Capital (p. 112.16.c&d)	942,100,536	916,277,931	929,189,234
	2 Less Preferred Stock from Ln 46 below3 Less Account 216.1 (p. 112.12.c&d)	0	0	-
	4 Less Account 219.1 (p. 112.12.0&d)	5,757,380	6,480,383	6,118,882
	5 Average Balance of Common Equity	936,343,156	909,797,548	923,070,352
<u>Devel</u>	opment of Cost of Long Term Debt Based on A	verage Outstanding B	Balance	
	6 Bonds (221) (p. 112.18.c&d)			_
	7 Less: Reacquired Bonds (222) (p. 112.19.c&d)		_	-
	8 Advances from Assoc. Companies (223) (p112.20.c&d)	-	-	-
	9 Senior Unsecured Notes (224) (p. 112.21.c&d)	1,003,104,301	953,506,638	978,305,470
	10 Total Average Debt	1,003,104,301	953,506,638	978,305,470
	11 Annual Interest Expense for 2014			
	12 Coupon Interest on Long Term Debt (256-257.33.i)			51,135,278
	13 Less: Financial Hedge Gain/Expense from Ln 26 Included	d in Ln 12		(1,167,106)
	14 Plus: Allowed Hedge Recovery from Ln 30 below			(950,688)
	15 Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,032,721
	16 Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,468,040
	17 Less: Amort of Premium on Debt (429) (p. 117.65.c)	CC -)		-
	18 Less: Amort of Gain on Reacquired Debt (429.1) (p. 117. 19 Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15			53,852,457
	To Total Interest Expense (En 12 1 En 10 1 En 14 1 En 10	TENTO ENTIT ENTO,		00,002,407
	20 Average Cost of Debt for 2014 (Ln 19/Ln 10)			5.50%
	21 Financial Hedge Amortization Reported in Column (i) on F	Page 256-257 (Enter Gains	as a Negative Nun	nher)
	22 SUN Series I 4.4% Financial Hedge (p. 257.1 Ln 5.i)	age 200 207 (Effici Gaillo	as a regative run	(1,279,141)
	23 SUN Series F 6.15% Financial Hedge (p. 256 Ln 17.i)			112,035
	24			,
	25			
	26 Total Hedge Amortization			(1,167,106)
	27 Total Average Capital Balance for 2013 (Actual TCOS, Lr			1,901,375,822
	28 Financial Hedge Recovery Limit - Five Basis Points of To	otal Capital		0.0005
	29 Limit of Recoverable Amount30 Recoverable Hedge Amortization			(950,688) (950,688)
	(lesser of 5 basis point Cap or Actual (Gain)/Expense bas	sed on magnitude as indicat	ed on Ln 26 or Ln	` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` ` `
	(10000) of a basic point dap of hotaal (dain), Expense bac	ou on magnitude de maiodi	od on en eo en en	20)
<u>Devel</u>	opment of Cost of Preferred Stock			
	Preferred Stock			<u>Average</u>
	31% Series Dividend Rate (p. 250-251a)			
	32% Series Par Value (p. 250-251c)			
	33% Series Shares O/S (p.250-251e)			
	34% Series Monetary Value (Ln 32 * Ln 33)	-	-	-
	35% Series Dividend Amount (Ln 31 * Ln 34)	-	-	-

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

SOUTHWESTERN ELECTRIC POWER COMPANY

REVENUE REQUIREMENT (w/o incentives)	(In 120)	Total	Allo	cator	T	ransmission Amount \$132,027,506		
REVENUE CREDITS	(Note A)							
Transmission Credits	(Worksheet H)	9,091,234	DA	1.00000	\$	9,091,234		
Assoc. Business Development	(Worksheet H)	140,776	DA	1.00000	\$	140,776		
Total Revenue Credits		9,232,009			\$	9,232,009		
REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)					\$122,795,497		
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.								
		44,179,672	DA	1.00000	\$	44,179,672		
	(Worksheet F)							
	(1.4/40					40 =00/		
						16.70%		
Monthly Rate	(In 9 / 12)					1.39%		
NET PLANT CARRYING CHARGE ON LINE 9 . W/O DEPRECIATION ((w/o incentives) (Note B)							
Annual Rate		0%				13.49%		
NET DI ANT CARRYING CHARGE ON LINE 11 M/O INCOME TAVES	PETUDN (Note D)							
	, ,	8. 49. 51)) x 100%				4.38%		
		, , , , , , , , , , , , , , , , , ,						
ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE	's (Note C) (Worksheet F)					_		
	REVENUE CREDITS Transmission Credits Assoc. Business Development Total Revenue Credits REVENUE REQUIREMENT For All Company Facilities The Carrying Charge Calculations on lines 9 to 14 below is used in requirements for these projection. Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) NET PLANT CARRYING CHARGE (w/o incentives) (Note B) Annual Rate Monthly Rate NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION of Annual Rate NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES Annual Rate	REVENUE CREDITS Transmission Credits (Worksheet H) Assoc. Business Development Total Revenue Credits REVENUE REQUIREMENT For All Company Facilities (In 1 less In 5) The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP requirements for these projects shown on line 7 is included in the total on line 6. Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F) NET PLANT CARRYING CHARGE (w/o incentives) (Note B) Annual Rate (In 1/ (Sum of Ins 46, 47, 48, 49, 51)) x 100% MONTHLY RATE (In 9 / 12) NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B) Annual Rate ((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100% NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)	REVENUE CREDITS Transmission Credits Assoc. Business Development Total Revenue Credits (Worksheet H) Assoc. Business Development Total Revenue Credits (Worksheet H) Total Revenue Credits (In 1 less In 5) 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-increquirements for these projects shown on line 7 is included in the total on line 6. Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F) NET PLANT CARRYING CHARGE Monthly Rate (In 1/ (Sum of Ins 46, 47, 48, 49, 51)) x 100% (In 9 / 12) NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B) Annual Rate ((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100% NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B) Annual Rate ((In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%	REVENUE CREDITS (Note A) Transmission Credits (Worksheet H) 9,091,234 DA Assoc. Business Development (Worksheet H) 140,776 DA Total Revenue Credits (In 1 less In 5) REVENUE REQUIREMENT For All Company Facilities (In 1 less In 5) 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. Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F) NET PLANT CARRYING CHARGE (w/o incentives) (Note B) Annual Rate (In 9 / 12) NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B) Annual Rate (In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100% NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B) Annual Rate (In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%	REVENUE CREDITS (Note A) (Worksheet H) 9,091,234 DA 1,00000	REVENUE REQUIREMENT (w/o incentives) (In 120) REVENUE CREDITS (Note A) Transmission Credits (Worksheet H) Assoc. Business Development (Worksheet H) (In 1 less In 5) REVENUE REQUIREMENT For All Company Facilities (In 1 less In 5) 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 5. Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F) NET PLANT CARRYING CHARGE (w/o incentives) (Note B) Annual Rate (In 1/ (Sum of Ins 46, 47, 48, 49, 51)) x 100% NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B) Annual Rate ((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%		

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Alloc	<u>ator</u>	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE	 	NOTE D			
16	Production	(Worksheet A In 1.C)	3,972,280,223	NA	0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(28,358,417)	NA	0.00000	-
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	1,164,661,669	DA		1,095,591,793
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.94540	-
20 21	Plus: Transmission Plant-in-Service Additions (Worksheet B) Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		100,271,455	DA TP	1.00000 0.94540	100,271,455
22	Distribution	(Worksheet A In 5.C)	1,843,066,187	NA	0.00000	-
23	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000	-
24 25	General Plant Less: General Plant ARO (Enter Negative)	(Worksheet A In 7.C) (Worksheet A In 8.C)	316,159,542 (685,485)	W/S W/S	0.06287 0.06287	19,877,117 (43,097)
26	Intangible Plant	(Worksheet A In 9.C)	49,939,028	W/S W/S	0.06287	3,139,693
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	7,417,334,202			1,218,836,962
28	ACCUMULATED DEPRECIATION AND AMORTIZATION					
29	Production	(Worksheet A In 12.C)	1,315,550,496	NA	0.00000	-
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,607,088)	NA	0.00000	-
31	Transmission	(Worksheet A In 14.C & 28.C)	410,217,796	TP1=	0.92461	379,292,326
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.92461	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)	,	1,178,495	DA	1.00000	1,178,495
34 35	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B) Plus: Additional Transmission Depreciation for 2014 (In 95)		- 26,835,221	DA TP1	1.00000 0.92461	- 24,812,169
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		17,609,218	W/S	0.06287	1,107,101
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000	-
38 39	Distribution Less: Distribution ARO (Enter Negative)	(Worksheet A In 16.C) (Worksheet A In 17.C)	665,789,420	NA NA	0.00000 0.00000	-
40	General Plant	(Worksheet A In 18.C)	173,716,600	W/S	0.06287	10,921,654
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(349,011)	W/S	0.06287	(21,943)
42 43	Intangible Plant TOTAL ACCUMULATED DEPRECIATION	(Worksheet A In 20.C) (sum Ins 29 to 42)	<u>36,235,232</u> 2,643,176,378	W/S	0.06287	2,278,128 419,567,931
		(54111 1115 25 16 42)	2,040,170,070			410,001,001
44 45	NET PLANT IN SERVICE Production	(ln 16 + ln 17 - ln 29 - ln 30)	2,631,978,398			_
46	Transmission	(ln 18 + ln 19 - ln 31 - ln 32)	754,443,873			716,299,467
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)	,	99,092,960			99,092,960
48 49	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34) Plus: Additional Transmission Depreciation for 2014 (-In 35)		- (26,835,221)			- (24,812,169)
50	Plus: Additional General & Intangible Depreciation for 2014 (-In 36)		(17,609,218)			(1,107,101)
51 52	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37		4 477 076 767			-
52 53	Distribution General Plant	(In 22 + In 23 - In 38 - In 39) (In 24 + In 25 - In 40 - In 41)	1,177,276,767 142,106,468			- 8,934,309
54	Intangible Plant	(ln 26 - ln 42)	13,703,796			861,565
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	4,774,157,824			799,269,030
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA		-
58 50	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(1,079,784,119)	DA		(165,955,919)
59 60	Account No. 283.1 (enter negative) Account No. 190.1	(Worksheet C, In 10.C & Ln 12.J) (Worksheet C, In 19.C & Ln 21.J)	(40,846,520) 294,523,026	DA DA		(1,941,630) 26,806,225
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	<u> </u>	DA		-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(826,107,613)			(141,091,325)
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,350,884	DA		504,994
64	WORKING CAPITAL	(Note F)				
65 66	Cash Working Capital Transmission Materials & Supplies	(1/8 * In 80) (Note G)	1,824,944 656,522	TD	0.94540	1,725,296
66 67	A&G Materials & Supplies	(Worksheet D, In 2.(D)) (Worksheet D, In 3.(D))	145,720	TP W/S	0.94540	620,674 9,161
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.15286	-
69 70	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G) (Worksheet D, In 5.F)	106,821,247 1,924,381	W/S GP(b)	0.06287 0.15286	6,715,908
70 71	Prepayments (Account 165) - Gross Plant Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	1,924,301 -	GP(h) DA	1.00000	294,152 -
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(94,084,314)	NA	0.00000	-
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	17,288,501			9,365,191
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7 (B))	(66,849,488)	DA	1.00000	(66,849,488)
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		3,899,840,108			601,198,402

SOUTHWESTERN ELECTRIC POWER COMPANY

(1) (2) (3)

	` '	` '	` '	·	•	` ,
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	<u>cator</u>	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE					
76	Transmission	321.112.b	65,916,731			
77	Less: Total Account 561	(Note I) 321.84-92.b	13,118,955			
78	Less: Account 565	(Note J) 321.96.b	38,198,221			
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In	·	<u>\$0</u>			
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	14,599,555	TP	0.94540	13,802,367
81	Administrative and General	323.197.b (Note K)	64,548,531			
82	Less: Acct. 924, Property Insurance	323.185.b	2,197,420			
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,947,637			
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	197,977			
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	855,027			
86	Balance of A & G	(In 81 - sum In 82 to In 85)	59,350,470	W/S	0.06287	3,731,395
87	Plus: Acct. 924, Property Insurance	(In 82)	2,197,420	GP(h)	0.15286	335,887
88	Acct. 928 - Transmission Specific	Worksheet J In 28.(E) (Note L)	158,707	TP	0.94540	150,041
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 42.(E) (Note L)	· -	TP	0.94540	, -
90	Acct 930.2 - Misc Gen. Exp Trans	Worksheet J In 49.(E) (Note L)	88,526	DA	1.00000	88,526
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(8,031,022)	W/S	0.06287	(504,915)
92	A & G Subtotal	(sum lns 86 to 90 less ln 91)	69,826,145			4,810,763
93	TOTAL O & M EXPENSE	(In 80 + In 92)	84,425,700			18,613,131
94	DEPRECIATION AND AMORTIZATION EXPENSE					
9 4 95	Transmission	336.7.f	26,835,221	TP	0.94540	25,369,922
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)	330.7.1	1,178,495	DA	1.00000	1,178,495
97	General	336.10.f	7,941,227	W/S	0.06287	499,269
98	Intangible	336.1.f	9,667,991	W/S	0.06287	607,832
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	45,622,934	VV/G	0.00207	27,655,518
100	TAXES OTHER THAN INCOME	(Note N)				
101	Labor Related					
102	Payroll	Worksheet L, Col. D	6,847,535	W/S	0.06287	430,508
103	Plant Related					
104	Property	Worksheet L, Col. C	46,308,999	GP(h)	0.15286	7,078,572
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,895,123	NA	0.00000	-
106	Other	Worksheet L, Col. E	22,610,367_	GP(h)	0.15286	3,456,113
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	80,662,024			10,965,193
108	INCOME TAXES	(Note O)				
109	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =		37.91%			
110	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		40.75%			
111	where WCLTD=(In 147) and WACC = (In 150)					
112	and FIT, SIT & p are as given in Note O.					
113	GRCF=1 / (1 - T) = (from In 109)		1.6104			
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(1,561,193)			
115	Income Tax Calculation	(In 110 * In 118)	136,052,209			20,973,775
116	ITC adjustment	(ln 113 * ln 114)	(2,514,213)	NP(h)	0.15384	(386,785)
117	TOTAL INCOME TAXES	(sum Ins 115 to 116)	133,537,996	()		20,586,990
		,				
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	333,842,317			51,465,050
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E	E, In 2)	2,368,887	DA	1.00000	2,368,887
120 121	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum Ins 93, 99, 107, 117, 118, 119)		680,459,857			131,654,769
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,926,497	DA		372,737
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		682,386,354			132,027,506

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

ln								
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
124	Total transmission plant	(In 18, 19, 20, 21)						1,264,933,124
125	Less transmission plant excluded from SPP Tariff (Note Q)							41,094,552
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, I	n 23, Col. (C)) (Note R)						27,975,324
127	Transmission plant included in SPP Tariff	(In 124 - In 125 - In 126)						1,195,863,248
128	Percent of transmission plant in SPP Tariff	(ln 127 / ln 124)					TP=	0.94540
				Payroll Billed from				
129	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total			
130	Production	354.20.b	39,380,639	11,344,861	50,725,500	NA	0.00000	-
131	Transmission	354.21.b	3,017,073	3,508,095	6,525,168	TP	0.94540	6,168,870
132	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
133	Distribution	354.23.b	24,546,842	1,522,808	26,069,650	NA	0.00000	-
134	Other (Excludes A&G)	354.24,25,26.b	9,057,719	5,742,190	14,799,909	NA	0.00000	<u>-</u>
135	Total	(sum Ins 130 to 134)	76,002,273	22,117,954	98,120,227			6,168,870
136	Transmission related amount						W/S=	0.06287
137	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
137 138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Long Term Interest (Workshe	eet M. In. 21. col. (D))					\$ 113,891,031
138	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Long Term Interest (Workshe Preferred Stock Dividends (V)))				\$ 113,891,031
138 139		Long Term Interest (Workshe Preferred Stock Dividends (V)))				T
138 139 140	WEIGHTED AVERAGE COST OF CAPITAL (WACC) Development of Common Stock:	Preferred Stock Dividends (V	Vorksheet M, In. 22, col. (D)))				113,891,031
138 139 140 141		Preferred Stock Dividends (V Proprietary Capital (112.16.c	Vorksheet M, In. 22, col. (D)))				T
138 139 140 141 142		Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148)	Vorksheet M, In. 22, col. (D)))))				113,891,031 - 2,055,439,065 -
138 139 140 141		Preferred Stock Dividends (V Proprietary Capital (112.16.c	Vorksheet M, In. 22, col. (D)) c))))				113,891,031 - 2,055,439,065 - 21,517,257
138 139 140 141 142 143		Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12.c Less Account 219.1 (112.15.c	Vorksheet M, In. 22, col. (D)) c) c))))				113,891,031 - 2,055,439,065 - 21,517,257 (8,446,167)
138 139 140 141 142 143 144		Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12.	Vorksheet M, In. 22, col. (D)) c) c)		ercentages		Cost	113,891,031 - 2,055,439,065 - 21,517,257
138 139 140 141 142 143 144 145		Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12.c Less Account 219.1 (112.15.c Common Stock (In 141 - In 1	Vorksheet M, In. 22, col. (D)) c) c)	<u>Capital Structure P</u>			Cost (Note T)	113,891,031 - 2,055,439,065 - 21,517,257 (8,446,167) 2,042,367,975
138 139 140 141 142 143 144 145	Development of Common Stock:	Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12.c Less Account 219.1 (112.15.c Common Stock (In 141 - In 1	Vorksheet M, In. 22, col. (D)) c) c)	Capital Structure P Actual	Cap Limit	_	(Note T)	113,891,031 - 2,055,439,065 - 21,517,257 (8,446,167) 2,042,367,975 Weighted
138 139 140 141 142 143 144 145	Development of Common Stock: Long Term Debt (Worksheet M, In. 21, col. (B))	Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12.c Less Account 219.1 (112.15.c Common Stock (In 141 - In 1	Vorksheet M, In. 22, col. (D)) c) c)	Capital Structure P Actual 48.97%	Cap Limit 0.00%	-		113,891,031 - 2,055,439,065 - 21,517,257 (8,446,167) 2,042,367,975 Weighted 0.0285
138 139 140 141 142 143 144 145 146 147	Development of Common Stock: Long Term Debt (Worksheet M, In. 21, col. (B)) Preferred Stock (Worksheet M, In. 22, col. (B))	Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12. Less Account 219.1 (112.15.c Common Stock (In 141 - In 1	Vorksheet M, In. 22, col. (D)) c) c)	Capital Structure P Actual 48.97% 0.00%	Cap Limit 0.00% 0.00%	-	(Note T) 0.0581 -	113,891,031 - 2,055,439,065 - 21,517,257 (8,446,167) 2,042,367,975 Weighted 0.0285 0.0000
138 139 140 141 142 143 144 145	Development of Common Stock: Long Term Debt (Worksheet M, In. 21, col. (B))	Preferred Stock Dividends (V Proprietary Capital (112.16.c Less Preferred Stock (In 148) Less Account 216.1 (112.12.c Less Account 219.1 (112.15.c Common Stock (In 141 - In 1	Vorksheet M, In. 22, col. (D)) c) c)	Capital Structure P Actual 48.97%	Cap Limit 0.00%	-	(Note T)	113,891,031 - 2,055,439,065 - 21,517,257 (8,446,167) 2,042,367,975 Weighted 0.0285

SOUTHWESTERN ELECTRIC POWER COMPANY

<u>Letter</u> <u>Notes</u>

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.

- 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.
- В The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- С This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- 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.
- Η Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
- 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.
- Μ This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- Ν 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.
- 0 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) ($\ln 109$) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required: FIT = 35.00%

0.00% (percent of federal income tax deductible for state purposes)

SIT= 4.47% (State Income Tax Rate or Composite SIT. Worksheet K)) p =

- Ρ 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.
- Т Long Term Debt cost rate = long-term interest (ln 138) / long term debt (ln 147). Preferred Stock cost rate = preferred dividends (ln 139) / preferred outstanding (ln 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP - SPP Formula Rate SWEPCO TCOS - Historic Page: 44 of 69

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

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No. 152	REVENUE REQUIREMENT (w/o incentives)	(ln 271)	Total	Allo	cator	T	ransmission Amount \$121,767,746	
153 154 155 156	REVENUE CREDITS Transmission Credits Assoc. Business Development Total Revenue Credits	(Note A) (Worksheet H) (Worksheet H)	9,091,234 140,776 9,232,009	DA DA	1.00000 1.00000	\$ \$ \$	9,091,234 140,776 9,232,009	
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)				\$	112,535,737	
MEMO	MEMO: The Carrying Charge Calculations on lines 160 to 165 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line is included in the total on line 157.							
158 159	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (We NET PLANT CARRYING CHARGE (w/o incentives) (Note B)	orksheet F)	44,179,672	DA	1.00000	\$	44,179,672	
160 161	Annual Rate Monthly Rate	(In 152/ In 197 x 100%) (In 160 / 12)					17.00% 1.42%	
162 163	NET PLANT CARRYING CHARGE ON LINE 160, W/O DEPRECIATION (w. Annual Rate	/o incentives) (Note B) ((In 152 - In 246) / In 197 x 100%)					13.48%	
164 165	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, R Annual Rate	ETURN (Note B) ((In 152 - In 246 - In 268 - In 269) / In 197 x 100°	%)				4.65%	
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (N	lote C) (Worksheet F)					-	

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	<u>cator</u>	Total <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE		NOTE D			
167	Production	(Worksheet A In 1.C)	3,972,280,223	NA	0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(28,358,417)	NA	0.00000	-
	Transmission	(Worksheet A In 3.C &		DA		1,095,591,793
169		Ln 278)	1,164,661,669		0.040=0	1,000,001,700
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	N/A	TP NA	0.94070	- N/A
171 172	Plus: Transmission Plant-in-Service Additions (Worksheet B) Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A N/A	NA NA	0.00000 0.00000	N/A N/A
172	Distribution	(Worksheet A In 5.C)	1,843,066,187	NA NA	0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000	-
175	General Plant	(Worksheet A In 7.C)	316,159,542	W/S	0.06256	19,778,276
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(685,485)	W/S	0.06256	(42,883)
177	Intangible Plant	(Worksheet A In 9.C)	49,939,028	W/S	0.06256	3,124,081
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	7,317,062,747	GP(h)= GTD=	0.152855 0.38722	1,118,451,267
179	ACCUMULATED DEPRECIATION AND AMORTIZATION			GID=	0.36722	
180	Production	(Worksheet A In 12.C)	1,315,550,496	NA	0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,607,088)	NA	0.00000	-
		(Worksheet A In 14.C &				
182	Transmission	28.C)	410,217,796.000	TP1=	0.92461	379,292,326
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.92461	- NI/A
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA	1.00000	N/A
185 186	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B) Plus: Additional Transmission Depreciation for 2014 (In 246)		N/A N/A	DA TP1	1.00000 0.92461	N/A N/A
187	Plus: Additional General & Intangible Depreciation for 2014 (In 248+In 249)		N/A	W/S	0.06256	N/A
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA	1.00000	N/A
189	Distribution	(Worksheet A In 16.C)	665,789,420	NA	0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	· · · · -	NA	0.00000	-
191	General Plant	(Worksheet A In 18.C)	173,716,600	W/S	0.06256	10,867,345
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(349,011)	W/S	0.06256	(21,833)
193	Intangible Plant	(Worksheet A In 20.C)	36,235,232	W/S	0.06256	2,266,800
194	TOTAL ACCUMULATED DEPRECIATION	(sum lns 180 to 193)	2,597,553,444			392,404,638
195	NET PLANT IN SERVICE					
196	Production	(ln 167 + ln 168 - ln 180 - ln 181)	2,631,978,398			-
197	Transmission	(ln 169 + ln 170 - ln 182 - ln 183)	754,443,873			716,299,466.533
198	Plus: Transmission Plant-in-Service Additions (In 171 - In 184)		N/A N/A			N/A N/A
199 200	Plus: Additional Trans Plant on Transferred Assets (In 172 - In 185) Plus: Additional Transmission Depreciation for 2014 (-In 186)		N/A N/A			N/A N/A
201	Plus: Additional General & Intangible Depreciation for 2014 (-In 187)		N/A			N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 18	38)	N/A			N/A
203	Distribution	(ln 173 + ln 174 - ln 189 - ln 190)	1,177,276,767			-
204	General Plant	(ln 175 + ln 176 - ln 191 - ln 192)	142,106,468			8,889,882
205	Intangible Plant	(In 177 - In 193)	13,703,796			857,281
206	TOTAL NET PLANT IN SERVICE	(sum lns 196 to 205)	4,719,509,303	NP(h)=	0.153839	726,046,629
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)				
208	Account No. 281.1 (enter negative)	272-273.8.k	(4.070.704.440)	NA		(405.055.040)
209 210	Account No. 282.1 (enter negative) Account No. 283.1 (enter negative)	(Worksheet C, In 1.C & In 3.J) (Worksheet C, In 10.C & Ln 12.J)	(1,079,784,119) (40,846,520)	DA DA		(165,955,919) (1,941,630)
210	Account No. 190.1	(Worksheet C, In 19.C & Ln 12.J)	294,523,026	DA		26,806,225
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA		-
213	TOTAL ADJUSTMENTS	(sum Ins 208 to 212)	(826,107,613)			(141,091,325)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,350,884	DA		504,994
215	WORKING CAPITAL	(Note F)				
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,824,944			1,716,717
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	656,522	TP	0.94070	617,587
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	145,720	W/S	0.06256	9,116
219	Stores Expense	(Worksheet D, In 4.(D))	<u>-</u>	GP(h)	0.15286	<u>-</u>
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	106,821,247	W/S	0.06256	6,682,513
221 222	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F) (Worksheet D, In 5.E)	1,924,381	GP(h) DA	0.15286 1.00000	294,152
222 223	Prepayments (Account 165) - Transmission Only Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.E)	(94,084,314)	NA	0.00000	-
223 224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	17,288,501	14/7	0.0000	9,320,084
		,				
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(66,849,488)	DA	1.00000	(66,849,488)
226	RATE BASE (sum Ins 206, 213, 214, 224, 225)		3,845,191,586			527,930,894

SOUTHWESTERN ELECTRIC POWER COMPANY

(1) (2) (3)

DEPARTON & ANNITONICE EXPENSE 33.1112 32.11412 33.1112 3		EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Allo	<u>cator</u>	Total <u>Transmission</u>
Transmission		ODEDATION & MAINTENANCE EVDENCE					
Less: Total Account 561 (Note of 321 5-402b) (Note of 321 5-40			221 112 h	65 016 721			
Lines August 550 Concernes (Modesharet Fig. 227-238)							
Less: expenses 10% assigned to Tob lied customers (Workshoet In 14) Total Qualified Miscole for Temperatures (In 227 - 229 - 229) Administrative and General 321 ff is (Wort K) 64,548,531 232 Administrative and General 321 ff is (Wort K) 1,497,627 233 Act of 287, Roys (Park Egn. 321 ff is (Wort K) 1,497,627 234 Act of 289, Total Actor Egn. 322 ff is (Wort K) 1,497,627 235 Act of 289, Total Actor Egn. 322 ff is (Wort K) 1,497,627 237 Batistrae of A. 6, Edn. 282, Roys (In 222 - sum in 233 is in 236) 238 Act of 289, Total Actor Egn. 322 ff is (In 232 - sum in 233 is in 236) 239 Pick Act. 304, Fragments (In 233 - sum in 233 is in 236) 230 Act. 304, Fragments (In 233 - sum in 233 is in 236) 231 Act. 304, Fragments (In 233 - sum in 233 is in 236) 232 Act. 304, Fragments (In 233 - sum in 233 is in 236) 233 Act. 304, Fragments (In 233 - sum in 233 is in 236) 234 Act. 304, Fragments (In 233 - sum in 233 is in 236) 235 Act. 304, Fragments (In 233 - sum in 233 is in 236) 236 Act. 304, Fragments (In 233 - sum in 233 is in 236) 237 Act. 304, Fragments (In 233 - sum in 233 is in 236) 238 Act. 304, Fragments (In 233 - sum in 233 is in 236) 239 Pick Act. 304, Fragments (In 233 - sum in 233 is in 236) 240 In 234 Act (In 234 - sum in 233 is in 246) 241 Act (In 234 - sum in 233 is in 246) 242 Act (In 234 - sum in 233 is in 246) 243 Act (In 234 - sum in 233 is in 246) 244 Act (In 234 - sum in 233 is in 246) 245 Act (In 234 - sum in 233 is in 246) 246 In 234 - sum in 233 is in 246, Fragments (In 234 is 243) 247 Pick (In 234 - sum in 234 is 243) 248 Act (In 234 - sum in 234 is 243) 249 In (In 234 - sum in 234 is 243) 240 In (In 234 - sum in 234 is 243) 241 In (In 234 - sum in 234 is 243) 242 In (In 234 - sum in 234 is 243) 243 Act (In 234 - sum in 234 is 243) 244 Act (In 234 - sum in 234 is 243) 245 In (In 234 - sum in 234 is 243) 246 In (In 234 - sum in 234 is 243 is 243) 247 In (In 234 - sum in 234 is 243 is 243 is 243 is 24			· · · · · · · · · · · · · · · · · · ·				
Table OAM Allocation to Transmission 10-227 - 228 - 220 - 220 14 5595655 TP 0.94070 13,733,733			,				
Administrative and General S22,197.b (Note K) B4,242,573 Less: ACL 527.f Paperly Insurance S22,195.b Less: ACL 527.f Paperly Insurance S22,195.f Paperly Insurance S22,195.b Less: ACL 527.f Paperly Insuran		·	•	·	TD	0.94070	12 722 722
Less: Acd 394, Property Insufrance 323.185.b Less: Acd 394, Property Insufrance 323.185.b 1447,657 236 Acd 293, Reg. Com. Epp. 323.195.b Acd 293, Reg. Com. Epp. 323.195.b Plus: Acd 294, Property Insufrance 11 Acd 393, 1.5 (a. Album. Epp. 16 1233) Plus Acd 394, Property Insufrance 11 Acd 394, Property Insufrance 12 Acd 394, Property Insufrance 12 Acd 394, Property Insufrance 13 Acd 394, Property Insufrance 14 Acd 394, Property Insufrance 14 Acd 394, Property Insufrance 15 Acd 394, Property Insufrance 16 Acd 394, Property Insufrance 17 Acd 394, Property Insufrance 18 Acd 394, Property Insufrance 19 Acd 394, Property Insufrance	231	Total Odivi Allocable to Transmission	(113 221 - 220 - 229 - 200)	14,599,555	11	0.94070	13,733,733
234 Acct. 292. Rep. Cmr. Epr. 323 190.b 1,947,857	232	Administrative and General	323.197.b (Note K)	64,548,531			
Acci. 93.01, Gen. Advert. Exp. 323, 191, D 197, 277 Ballanzo of A. & Characteristic Gen. Exp. 233, 191, D 234, D 2	233	Less: Acct. 924, Property Insurance	323.185.b	2,197,420			
Act. 99.02_Misc. Gen. Exp. 323.192.b 885.027	234	Acct. 928, Reg. Com. Exp.	323.189.b	1,947,637			
Balanco of A S C (1) 232 - sum in 238 to 12.96) 69,350,470 W/S 0,06256 37,12.841	235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	197,977			
Piles Act. 924 Property Insurance (in 233)		•	323.192.b				
Acts 282 - Transmission Specific Worksheet J at 28,6E) (Note L) 18,707 TP 0,94070 149,295 200 Acts 293 - Transmission Specific Worksheet J at 42,6E) (Note L) 18,507 TP 0,94070 149,295 221 Loss POP Experiend Acts 253 Adjustment Worksheet J at 42,6E) (Note L) 18,507 DA 1,000,000 188,535 222 Loss POP Experiend Acts 253 Adjustment Worksheet J at 42,6E) (Note L) 18,507 DA 1,000,000 188,525 223 TOTAL OS MEXPENSE (In 243) 94,425,700 US 18,502,700 224 TOTAL OS MEXPENSE (In 243) 94,425,700 US 18,502,700 225 DEPRECIATION AND AMORTIZATION EXPENSE 386,71 25,033,221 TP 0,94070 25,543,707 226 Transmission Plantin Service Additions (Worksheet B) 386,11 1 7941,227 W/S 0,66256 160,2490 US 18,667,991 US US			,				
Accid 930.1 - Only safety midsted aids - Direct Workshoot M 24,(E) (Note L) 88, 526 DA 1,0000 C,002, 4001 DA 1,0000 C,002, 4001 DA 1,0000 DA 1,00000 DA 1,00000 DA 1,000				· · · · · · · · · · · · · · · · · · ·			•
Act 393.2 - Miss Gen. Exp Trains Workshoot J. H. 49,(E) (Note II) (8,031,022) (802,044) (802,044) (803,002) (802,044) (803,002) (802,044) (803,002) (802,044) (803,002) (802,044) (803,002) (·		158,707			149,295
Labor PROP Expense In Acct. 928 Adjustment Workshoot J. In 10.C (Note M) (8,031,022) W/S 0.06256 (502,40)			, , ,	-			-
A & S Sublotal (sum Inc 27) to 241 less in 242) 69,828,145 47,784,932 244 TOTAL O & MEXPENSE (in 231 + in 243) 84,425,700 15,522,685 245 DEPPECIATION AND AMORTIZATION EXPENSE 246 TIRISONISSION NO AMORTIZATION EXPENSE 247 Plant mission Plant-in-Service Additions (Worksheet B) 248 General 249 Intagelile 336.1.1 7,941,227 W/S 0.00256 46,786 240 Intagelile 336.1.1 9,667,391 250 TOTAL DEPRECIATION AND AMORTIZATION (sum Inst 240 to 249) 44,444,439 W/S 0.06256 604,090 250 TOTAL DEPRECIATION AND AMORTIZATION (sum Inst 240 to 249) 44,444,430 W/S 0.06256 604,090 251 TAXES OTHER THAN INCOME (Note N) 252 Labor Related Worksheet L, Col. D		·	` , ` ,	•			•
TOTAL 0 & M EXPENSE		·	, ,	· · · · · · · · · · · · · · · · · · ·	W/S	0.06256	
DEPRECIATION AND AMORTIZATION EXPENSE 336.7 26.835,221 TP 0.94070 25,243,767 7 1 1 1 1 1 1 1 1	243	A & G Subtotal	(sum lns 237 to 241 less ln 242)	69,826,145			4,788,952
Termonission 336.7 26.835.221 TP 0.94070 25.243,767	244	TOTAL O & M EXPENSE	(ln 231 + ln 243)	84,425,700			18,522,685
Plus: Transmission Plant-in-Service Additions (Worksheet B) 336.10	245	DEPRECIATION AND AMORTIZATION EXPENSE		-			
248 General 33.6.1.0 7.941.227 W/S 0.06256 496.766 604.090 250 TOTAL DEPRECIATION AND AMORTIZATION (gum Ins 246 to 249) 44.444,439 W/S 0.06256 604.090 250 TOTAL DEPRECIATION AND AMORTIZATION (gum Ins 246 to 249) 44.444,439 W/S 0.06256 604.090 26.345,363 251 TAXES OTHER THAN INCOME (Note N) 252 Labor Related 252 Labor Related 253 Payroll Worksheet L, Col. D 6.847,535 W/S 0.06256 428.367 254 Plant Related 255 Property Worksheet L, Col. C 46.308,999 GP(ft) 0.15296 7.078,572 6056 Gross Receipts/Sales & Use Worksheet L, Col. E 4.895,123 NA 0.00000 7.078,572 6056 Gross Receipts/Sales & Use Worksheet L, Col. E 22.610,367 GP(ft) 0.15296 3.456,113 7.000 7	246	Transmission	336.7.f	26,835,221	TP	0.94070	25,243,767
249 Intangible 336.1.1 3.967.901 W/S 0.06256 604.809 26.345.363 251	247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A			N/A
250 TOTAL DEPRECIATION AND AMORTIZATION	248	General	336.10.f	7,941,227	W/S	0.06256	496,786
Taxes Other Than Income	249	Intangible	336.1.f	9,667,991	W/S	0.06256	604,809
Labor Related Payroll Worksheet L, Col. D 6.847,535 W/S 0.06256 428,367	250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	44,444,439			26,345,363
Labor Related Payroll Worksheet L, Col. D 6.847,535 W/S 0.06256 428,367	251	TAXES OTHER THAN INCOME	(Note N)				
Payroll Worksheet L, Col. D 6,847,535 W/S 0.06256 428,367 Payroll Payroll Payroll Payroll Payroll Payroll Payroll Payroll Payroll Payroll Payroll Payroll			(11010-11)				
Plant Related Property Worksheet L, Col. C 46,308,999 GP(h) 0,15286 7,078,572			Worksheet L, Col. D	6,847,535	W/S	0.06256	428,367
Section Sect			,	, ,			,
256 Gross Receipts/Sales & Use Worksheet L, Col. F 4,895,123 NA 0,00000	255	Property	Worksheet L, Col. C	46,308,999	GP(h)	0.15286	7,078,572
Total Other Taxes	256		Worksheet L, Col. F	4,895,123		0.00000	-
INCOME TAXES	257	Other	Worksheet L, Col. E	22,610,367_	GP(h)	0.15286	3,456,113
260 T=1-{{\(\(\) \cdot \) \cdot \(\) \cdot \	258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	80,662,024			10,963,053
260 T=1-{{\(\(\) \cdot \) \cdot \(\) \cdot \	259	INCOME TAXES	(Note O)				
EIT=(T/(1-T))*(1-(WCLTD/WACC)) = 40.75% where WCLTD=(In 298) and WACC = (In 301) and FIT, SIT & pare as given in Note O. GRCF=1 / (1 - T) = (from In 260) Amortized Investment Tax Credit (enter negative) (In 261 * In 269) Income Tax Calculation (In 264 * In 265) IT adjustment (In 264 * In 265) TOTAL INCOME TAXES (sum Ins 266 to 267) RETURN ON RATE BASE (Rate Base*WACC) (In 266 * In 301) INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2) REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum Ins 244, 250, 258, 268, 269, 270) TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 40.75% 40.75			(Note O)	37 91%			
where WCLTD=(In 298) and WACC = (In 301) and FIT, SIT & p are as given in Note O. GRCF=1 / (1 - T) = (from In 260) Amortized Investment Tax Credit (enter negative) [FF1 p.114, In 19.c) [In 266 Income Tax Calculation (In 261 * In 269) 134,145,707 (2,514,213) NP(h) 0.15384 (386,785) [ITC adjustment (In 264 * In 265) (2,514,213) NP(h) 0.15384 (386,785) [ITC adjustment (In 264 * In 265) (2,514,213) NP(h) 0.15384 (386,785) [ITC adjustment (In 264 * In 265) (In 264 * In 301) (In 264 * In 301) [ITC adjustment (In 265 * In 301) (In 266 * In 301) (In 266 * In 301) [ITC adjustment (In 266 * In 301) (In 266 * In 301) (In 266 * In 301) [ITC adjustment (In 266 * In 301) (In 266 * In 301) (In 266 * In 301) [ITC adjustment (In 266 * In 301) (In 266 * In 301) (In 266 * In 301) [ITC adjustment (In 266 * In 301) (In 266 * In 301) (In 266 * In 301) [ITC adjustment (In 266 * In 301) [ITC adjustment (In 266 * In 301) (In		12.					
263 and FIT, SIT & p are as given in Note O. 264 GRCF=1 / (1 - T) = (from lin 260) 265 Amortized Investment Tax Credit (enter negative) 266 Income Tax Calculation 267 ITC adjustment 268 TOTAL INCOME TAXES 269 RETURN ON RATE BASE (Rate Base*WACC) 269 RETURN ON RATE BASE (Rate Base*WACC) 270 INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2) 271 REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX 272 (sum Ins 244, 250, 258, 268, 269, 270) 273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 265 Amortized Investment 1.6104 267 (In 261* In 269) 268 (In 261* In 269) 269 (In 264* In 269) 269 (In 264* In 269) 269 (In 264* In 269) 260 (In 226* In 301) 260 (In 226* In				10.1070			
1.6104 265 Amortized Investment Tax Credit (enter negative) (FF1 p.114, In 19.c) (1.561,193) (1.561,19							
Amortized Investment Tax Credit (enter negative) (FF1 p.114, In 19.c) (In 261 * In 269) (In 261 * In 269) (In 261 * In 269) (In 264 * In 265) (In 264 * In 265)				1.6104			
ITC adjustment			(FF1 p.114, In 19.c)				
ITC adjustment	266	Income Tax Calculation	(In 261 * In 260)	12/ 1/5 707			1Q <i>1</i> 17 720
268 TOTAL INCOME TAXES (sum lns 266 to 267) 131,631,494 18,030,935 269 RETURN ON RATE BASE (Rate Base*WACC) (ln 226 * ln 301) 329,164,179 45,193,051 270 INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2) 2,368,887 DA 1.00000 2,368,887 271 REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum lns 244, 250, 258, 268, 269, 270) 672,696,723 1,904,519 DA 1343,772 273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 1,904,519 DA 343,772			,	·	NP(h)	0.1538/	, ,
269 RETURN ON RATE BASE (Rate Base*WACC) (ln 226 * ln 301) 329,164,179 45,193,051 270 INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2) 2,368,887 DA 1.00000 2,368,887 271 REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum lns 244, 250, 258, 268, 269, 270) 672,696,723 121,423,974 273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 1,904,519 DA 343,772		•	,		141 (11)	0.13304	1
270 INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2) 271 REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum Ins 244, 250, 258, 268, 269, 270) 273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) DA 1.00000 2,368,887 672,696,723 1,904,519 DA 343,772			·				
271 REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (sum Ins 244, 250, 258, 268, 269, 270) 273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 121,423,974 1,904,519 DA 343,772	269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	329,164,179			45,193,051
272 (sum Ins 244, 250, 258, 268, 269, 270) 273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 1,904,519 DA 343,772	270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Workshe	et E, In 2)	2,368,887	DA	1.00000	2,368,887
273 TEXAS GROSS MARGIN TAX (Note P) (Worksheet K) 1,904,519 DA 343,772				672,696,723			121,423,974
	272	(sum Ins 244, 250, 258, 268, 269, 270)					
274 REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX 674,601,241 121,767,746	273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,904,519	DA		343,772
	274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		674,601,241			121,767,746

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

ln							
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF						
275	Total transmission plant	(In 169)					1,164,661,669
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a C	` ,					41,094,552
277	Less transmission plant included in OATT Ancillary Services (Worksheet A	` ',' ` '					27,975,324
278	Transmission plant included in SPP Tariff	(ln 275 - ln 276 - ln 277)					1,095,591,793
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					TP= 0.94070
				Payroll Billed from			
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	AEP Service Corp.	Total		
281	Production	354.20.b	39,380,639	11,344,861	50,725,500	NA 0.00000	-
282	Transmission	354.21.b	3,017,073	3,508,095	6,525,168	TP 0.94070	6,138,195
283	Regional Market Expenses	354.22.b	0		-	NA 0.00000	-
284	Distribution	354.23.b	24,546,842		26,069,650	NA 0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	9,057,719	· · ·	14,799,909	NA 0.00000	
286	Total	(sum lns 281 to 285)	76,002,273	3 22,117,954	98,120,227		6,138,195
287	Transmission related amount					W	//S= 0.06256
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)						\$
289	Welchies well and on the wife (whos)	Long Term Interest (Works	heet M In 21 col (D)))			113,891,031
290		Preferred Stock Dividends					-
291	Development of Common Stock:	1 Totolica Ctook Dividende	(**************************************	oo (<i>D</i>))			
292	Bevolopment of Common Clock.	Proprietary Capital (112.16	.c)				2,055,439,065
293		Less Preferred Stock (In 29					_,,
294		Less Account 216.1 (112.1	•				21,517,257
295		Less Account 219.1 (112.1	•				(8,446,167)
296		Common Stock (In 292 - In					2,042,367,975
		()	,	Capital Structure F	Percentages	Cost	, , , , , , , , ,
297		\$		Actual	Cap Limit	(Note T)	Weighted
298	Long Term Debt (Worksheet M, In. 21, col. (B))	1,960,200,000		48.97%	0.00%	0.0581	0.0285
299	Preferred Stock (Worksheet M, In. 22, col. (B))	-		0.00%	0.00%	-	0.0000
300	Common Stock (In 296) (Note U)	2,042,367,975		51.03%	0.00%	11.2%	0.0571
301							
	Total (sum lns 298 to 300)	4.002.567.975				WAG	JC= 0.0856
001	Total (sum lns 298 to 300)	4,002,567,975				WAG	CC= 0.0856

SOUTHWESTERN ELECTRIC POWER COMPANY

<u>Letter</u> <u>Notes</u>

- 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.
- 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, ancillarly 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.
- This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- 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.

Ν

- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
- Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
 - 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.
- The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p =
 "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a
 work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that
 elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce
 rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
 (In 260) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT = 35.00%

SIT= 4.47% (State Income Tax Rate or Composite SIT. Worksheet K)

p = 0.00% (percent of federal income tax deductible for state purposes)

- 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.
- 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.
- Long Term Debt cost rate = long-term interest (ln 289) / long term debt (ln 298). Preferred Stock cost rate = preferred dividends (ln 290) / preferred outstanding (ln 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.							ansmission Amount		
1	REVENUE REQUIREMENT (w/o incentives)	(In 107)					\$120,032,575		
			Total	Allo	ocator				
2	REVENUE CREDITS	(Note A)							
3	Transmission Credits	(Worksheet H)	9,091,234	DA	1.00000	\$	9,091,234		
4	Assoc. Business Development	(Worksheet H)	140,776_	DA	1.00000	\$	140,776		
5	Total Revenue Credits		9,232,009			\$	9,232,009		
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 2)					\$110,800,565		
U	REVERVOE REGOINEMENT FOR All Company Facilities	(111 1 1633 111 2)					ψ110,000,303		
MEMO	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 G)	Facilities (w/o incentives) (Worksheet	31,741,511	DA	1.00000	\$	31,741,511		
8	NET PLANT CARRYING CHARGE (w/o incentives) (Not	e B)							
9	Annual Rate	(ln 1/ ln 39 x 100)					17.13%		
10	Monthly Rate	(ln 9 / 12)					1.43%		
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DE	PRECIATION (w/o incentives) (Note B)							
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100)					13.53%		
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O IN	, ,							
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100)					4.73%		
15	ADDITIONAL REVENUE REQUIREMENT for projects w/	incentive ROE's (Note C) (Worksheet G)					-		

(5)

10,336

7,062,136

9,603,884

(72,488,152)

517,146,435

283,094

(4)

GP(TU)

W/S

GP(TU)

DΑ

NΑ

DA

113,004,455

(102,212,319)

15,220,953

(72,488,152)

3,827,279,959

1,870,929

0.15131

0.06249

0.15131

1.00000

0.00000

1.00000

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

SOUTHWESTERN ELECTRIC POWER COMPANY

(3)

(2)

(Worksheet D, In 3.(F))

(Worksheet D, In 4.(F))

(Worksheet D, In 7.G)

(Worksheet D, In 7.F)

(Worksheet D, In 7.E)

(Worksheet D, In 7.D)

(Note H) (Worksheet E, In 8.(B))

(sum Ins 53 to 60)

(1)

A&G Materials & Supplies

TOTAL WORKING CAPITAL

Prepayments (Account 165) - Labor Allocated

Prepayments (Account 165) - Transmission Only

Prepayments (Account 165) - Gross Plant

Prepayments (Account 165) - Unallocable

IPP CONTRIBUTIONS FOR CONSTRUCTION

RATE BASE (sum Ins 43, 50, 51, 61, 62)

Stores Expense

56

57

58

59

60

61

62

63

Data Sources Total RATE BASE CALCULATION (See "General Notes") TO Total <u>Allocator</u> **Transmission** NOTE D Line **GROSS PLANT IN SERVICE** No. 16 NA Production (Worksheet A In 1.E) 3,950,182,279 0.00000 17 (Worksheet A In 2.E) NA Less: Production ARO (Enter Negative) (25,703,295)0.00000 DA 1,071,279,958 18 (Worksheet A In 3.E & Ln 114) 1,139,975,851 TP 19 Less: Transmission ARO (Enter Negative) 0.93974 (Worksheet A In 4.E) 20 NA (Worksheet A In 5.E) 1,800,604,127 0.00000 21 Less: Distribution ARO (Enter Negative) NA (Worksheet A In 6.E) 0.00000 22 **General Plant** 315,900,400 W/S 19,741,978 (Worksheet A In 7.E) 0.06249 23 Less: General Plant ARO (Enter Negative) W/S 0.06249 (42,752)(Worksheet A In 8.E) (684,098)24 Intangible Plant (Worksheet A In 9.E) 50,873,542 W/S 0.06249 3,179,307 25 **TOTAL GROSS PLANT** (sum Ins 16 to 24) 7,231,148,806 GP(TU)= 0.15131 1,094,158,490 GTD= 0.38767 26 ACCUMULATED DEPRECIATION AND AMORTIZATION 27 NA 1,282,892,836 0.00000 (Worksheet A In 12.E) 28 NA 0.00000 Less: Production ARO (Enter Negative) (Worksheet A In 13.E) (3,285,313)29 400,359,638 TP1= Transmission (Worksheet A In 14.E & 28.E) 0.92533 370,464,870 30 **TP1=** 0.92533 Less: Transmission ARO (Enter Negative) (Worksheet A In 15.E) 31 NA Distribution (Worksheet A In 16.E) 662,125,105 0.00000 32 NA Less: Distribution ARO (Enter Negative) 0.00000 (Worksheet A In 17.E) 33 170,652,178 W/S 0.06249 10,664,790 General Plant (Worksheet A In 18.E) 34 W/S Less: General Plant ARO (Enter Negative) (Worksheet A In 19.E) (333,390)0.06249 (20,835)35 (Worksheet A In 20.E) 37,567,107 W/S 0.06249 2,347,730 Intangible Plant 36 TOTAL ACCUMULATED DEPRECIATION 2,549,978,160 (sum Ins 27 to 35) 383,456,556 37 **NET PLANT IN SERVICE** 38 (ln 16 + ln 17 - ln 27 - ln 28) 2,644,871,461 Production 39 Transmission (ln 18 + ln 19 - ln 29 - ln 30) 739,616,213 700,815,088 40 Distribution (ln 20 + ln 21 - ln 31 - ln 32) 1,138,479,023 41 **General Plant** 144,897,514 (ln 22 + ln 23 - ln 33 - ln 34) 9,055,270 42 13,306,435 Intangible Plant (ln 24 - ln 35) 831,576 43 TOTAL NET PLANT IN SERVICE 4,681,170,645 (sum Ins 38 to 42) NP(TU)=0.15182 710,701,935 DEFERRED TAX ADJUSTMENTS TO RATE BASE (Note E) 44 45 Account No. 281.1 (enter negative) 272-273.8.k NA 46 (Worksheet C, In 7.C & In 9.J) (1,003,095,373)DA (152,288,497)Account No. 282.1 (enter negative) 47 Account No. 283.1 (enter negative) (40,960,726)DA (2,134,435)(Worksheet C, In 16.C & Ln 18.J) 48 23,246,707 DA Account No. 190.1 (Worksheet C, In 25.C & Ln 27.J) 246,081,727 (Worksheet C, In 34.C & Ln 36.J) DA 49 Account No. 255 (enter negative) (797,974,372) 50 TOTAL ADJUSTMENTS (131,176,226) (sum Ins 45 to 49) DA 51 PLANT HELD FOR FUTURE USE (Worksheet A In 29.E & In 30.E) 1,350,884 504,994 52 **WORKING CAPITAL** (Note F) 53 Cash Working Capital (1/8 * In 68) (Note G) 1,714,972 1,824,944 54 TP 0.93974 533,347 Transmission Materials & Supplies 567,548 (Worksheet D, In 2.(F)) 55 165,397 W/S 0.06249

SOUTHWESTERN ELECTRIC POWER COMPANY

(1) (2) (3)

	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	<u>TO Total</u>	Alloc	<u>cator</u>	Total <u>Transmission</u>
Line						
No.	OPERATION & MAINTENANCE EXPENSE	004.440.1	07.040.704			
64	Transmission	321.112.b	65,916,731			
65	Less: Total Account 561	(Note I) 322.84-92.b	13,118,955			
66	Less: Account 565	(Note J) 322.96.b	38,198,221			
67	Less: expenses 100% assigned to TO billed customers	s (Worksheet I, In 14)	<u> </u>			
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	14,599,555	TP	0.93974	13,719,774
69	Administrative and General	323.197.b (Note K)	64,548,531			
70	Less: Acct. 924, Property Insurance	323.185.b	2,197,420			
71	Acct. 928, Reg. Com. Exp.	322.189.b	1,947,637			
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	197,977			
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	855,027			
74	Balance of A & G	(In 69 - sum In 70 to In 73)	59,350,470	W/S	0.06249	3,709,067
75	Plus: Acct. 924, Property Insurance	(In 70)	2,197,420	GP(TU)	0.15131	332,496
76		` ,	158,707	TP	0.93974	149,143
76 77	Acct. 928 - Transmission Specific	Worksheet J In 28.(E) (Note L)	130,707		0.93974	149,143
	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 42.(E) (Note L)	-	GP(TU)		- 88 F36
78 70	Acct 930.2 - Misc Gen. Exp Trans	Worksheet J In 49.(E) (Note L)	88,526	DA	1.00000	88,526
79 80	Less: PBOP Expense In Acct. 926 Adjustment A & G Subtotal	Worksheet J In 10.C (Note M) (sum Ins 74 to 78 less In 79)	<u>(8,031,022)</u> 69,826,145	W/S	0.06249	(501,893) 4,781,124
00	A & G Subiolai	(Sulli 1115 74 to 70 1655 111 79)	09,020,143			4,701,124
81	TOTAL O & M EXPENSE	(In 68 + In 80)	84,425,700			18,500,898
82	DEPRECIATION AND AMORTIZATION EXPENSE					
83	Transmission	336.7.f	26,835,221	TP	0.93974	25,218,108
84	General	336.10.f	7,941,227	W/S	0.06249	496,282
85	Intangible	336.1.f	9,667,991	W/S	0.06249	604,194
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	44,444,439	*****	0.002 10	26,318,584
00	TOTAL BET REGIATION AND ANION TEATHOR	(3411 1113 00 10 00)	44,444,400			20,010,004
87	TAXES OTHER THAN INCOME	(Note N)				
88	Labor Related					
89	Payroll	Worksheet L, Col. D	6,847,535	W/S	0.06249	427,932
90	Plant Related					
91	Property	Worksheet L, Col. C	46,308,999	GP(TU)	0.15131	7,007,100
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	4,895,123	NA	0.00000	-
93	Other	Worksheet L, Col. E	22,610,367	GP(TU)	0.15131	3,421,216
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	80,662,024	, ,		10,856,249
95	INCOME TAXES	(Note O)				
96	T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} =	(1.0.0.0)	37.91%			
97	EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =		40.86%			
98	where WCLTD=(In 134) and WACC = (In 137)		40.0070			
99	and FIT, SIT & p are as given in Note O.					
100	GRCF=1 / (1 - T) = (from In 96)		1.6104			
		(FF4 p 444 lp 40 a)				
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(1,561,193)			
102	Income Tax Calculation	(In 97 * In 105)	133,159,826			17,992,708
103	ITC adjustment	(In 100 * In 101)	(2,514,213)	NP(TU)	0.15182	(381,711)
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	130,645,612			17,610,996
105	RETURN ON RATE BASE (Rate Base*WACC)	(In 63 * In 137)	325,915,596			44,038,087
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (No	ote E) (Worksheet E, In 2)	2,368,887	DA	1.00000	2,368,887
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS	MARGIN TAX	668,462,258			119,693,701
108	(sum Ins 81, 86, 94, 104, 105, 106)					
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,892,529	DA		338,873
110	REVENUE REQUIREMENT INCLUDING GROSS MAR	RGIN TAX	670,354,787			120,032,575

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In									
No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
111	Total transmission plant	(In 18)							1,139,975,851
112	Less transmission plant excluded from SPP Tariff (We	orksheet A, In 23a Col. (E)) (Note	Q)						41,030,083
113	Less transmission plant included in OATT Ancillary Se	ervices (Worksheet A, In 23, Col. (E	E)) (Note	· R)					27,665,810
114	Transmission plant included in SPP Tariff	(ln 111 - ln 112 - ln 113)						_	1,071,279,958
115	Percent of transmission plant in SPP Tariff	(ln 114 / ln 111)						TP=	0.93974
					Payroll Billed from				
116	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	AEP Service Corp.	Total			
117	Production	354.20.b		39,380,639	11,344,861	50,725,500	NA	0.0000	-
118	Transmission	354.21.b		3,017,073	3,508,095	6,525,168	TP	0.93974	6,131,956
119	Regional Market Expenses	354.22.b		0	0	-	NA	0.00000	-
120	Distribution	354.23.b		24,546,842	1,522,808	26,069,650	NA	0.00000	-
121	Other (Excludes A&G)		0	9,057,719	5,742,190	14,799,909	NA	0.00000	-
122	Total	(sum Ins 117 to 121)		76,002,273	22,117,954	98,120,227			6,131,956
123	Transmission related amount							W/S=	0.06249
124	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
124 125	WEIGHTED AVERAGE COST OF CAPITAL (WACC)	Long Term Interest (Worksheet	t N In 10) col (E))					\$ 112 399 028
125	Long Term Interest	Long Term Interest (Worksheet		* **				_	\$ 112,399,028
125 126	Long Term Interest Preferred Dividends	Long Term Interest (Worksheet Preferred Stock Dividends (Wo		* **					112,399,028
125 126 127	Long Term Interest Preferred Dividends Development of Common Stock:	Preferred Stock Dividends (Wo		* **					112,399,028 - Average
125 126 127 128	Long Term Interest Preferred Dividends <u>Development of Common Stock:</u> Proprietary Capital	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E))		* **					112,399,028
125 126 127 128 129	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135)	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E))		* **					112,399,028 - Average 2,038,325,382 -
125 126 127 128 129 130	Long Term Interest Preferred Dividends <u>Development of Common Stock:</u> Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E))		* **					112,399,028 - Average 2,038,325,382 - 20,355,577
125 126 127 128 129 130 131	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1 Less Account 219	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E)) (Worksheet N, In. 4, col. (E))	orksheet l	* **					112,399,028 - Average 2,038,325,382 - 20,355,577 (13,154,311)
125 126 127 128 129 130	Long Term Interest Preferred Dividends <u>Development of Common Stock:</u> Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E))	orksheet l	* **	Capital Structure	Percentages		Cost	112,399,028 - Average 2,038,325,382 - 20,355,577
125 126 127 128 129 130 131 132	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1 Less Account 219	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E)) (Worksheet N, In. 4, col. (E)) (In 128 - In 129 - In 130 - In 131	orksheet l	* **	<u>Capital Structure I</u> Actual			Cost (Note S)	112,399,028 - Average 2,038,325,382 - 20,355,577 (13,154,311) 2,031,124,116
125 126 127 128 129 130 131 132	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1 Less Account 219 Common Stock	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E)) (Worksheet N, In. 4, col. (E)) (In 128 - In 129 - In 130 - In 131	orksheet I	* **	Actual	Cap Limit		(Note S)	112,399,028 - Average 2,038,325,382 - 20,355,577 (13,154,311) 2,031,124,116 Weighted
125 126 127 128 129 130 131 132	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1 Less Account 219 Common Stock Avg Long Term Debt (Worksheet N, In. 10, col. (E))	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E)) (Worksheet N, In. 4, col. (E)) (In 128 - In 129 - In 130 - In 131	orksheet l	* **	Actual 49.11%	Cap Limit 0.00%		(Note S) 5.73%	112,399,028 - Average 2,038,325,382 - 20,355,577 (13,154,311) 2,031,124,116 Weighted 0.0282
125 126 127 128 129 130 131 132 133 134 135	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1 Less Account 219 Common Stock Avg Long Term Debt (Worksheet N, In. 10, col. (E)) Avg Preferred Stock (Worksheet N, In. 46, col. (E))	Preferred Stock Dividends (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E)) (Worksheet N, In. 4, col. (E)) (In 128 - In 129 - In 130 - In 131) 2013 Avg Balances 1,960,200	0,000 -	* **	Actual 49.11% 0.00%	Cap Limit 0.00% 0.00%		(Note S) 5.73% 0.00%	112,399,028
125 126 127 128 129 130 131 132	Long Term Interest Preferred Dividends Development of Common Stock: Proprietary Capital Less Preferred Stock (In 135) Less Account 216.1 Less Account 219 Common Stock Avg Long Term Debt (Worksheet N, In. 10, col. (E))	Preferred Stock Dividends (Wo (Worksheet N, In. 1, col. (E)) (Worksheet N, In. 2, col. (E)) (Worksheet N, In. 3, col. (E)) (Worksheet N, In. 4, col. (E)) (In 128 - In 129 - In 130 - In 131	0,000 - 1,116	* **	Actual 49.11%	Cap Limit 0.00%		(Note S) 5.73%	112,399,028 - Average 2,038,325,382 - 20,355,577 (13,154,311) 2,031,124,116 Weighted 0.0282

SOUTHWESTERN ELECTRIC POWER COMPANY

<u>Notes</u>

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.

- 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, ancillarly 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.
- This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the trued-up revenue requirement for each project, based on an FCR rate caclulated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other then the W/S allocator. Full documentation must be provided.
- Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M
 This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p =
 "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a
 work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that
 elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce
 rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f)
 (In 96) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.

Inputs Required:

FIT = 35.00%

SIT= 4.47% (State Income Tax Rate or Composite SIT. Worksheet K)
p = 0.00% (percent of federal income tax deductible for state purposes)

- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- 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.
- Long Term Debt cost rate = long-term interest (ln 125) / long term debt (ln 134). Preferred Stock cost rate = preferred dividends (ln 126) / preferred outstanding (ln 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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

SOUTHWESTERN ELECTRIC POWER COMPANY

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

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AEP West SPP Member Companies

2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances

Worksheet B - Projected Transmission Plant in Service Additions

SOUTHWESTERN ELECTRIC POWER COMPANY

I. Calculation of Composite Depreciation Rate

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

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

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

III. Plant Transferred

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

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

Line <u>No.</u>	(A)	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Ratebase (E)+(F)+(G)+(H)
<u>140.</u>	ACC. 110.	<u> Description</u>	TE Dalatice	LACIUSIONS	Neiateu	Related	i lant Nelated	<u>itelateu</u>	<u>(E)+(i)+(O)+(ii)</u>
1 2 3	282.1 282.1 282.1	Account 282 - Form-1 page 274-275, Ln 2 Col. (k) 282 Balance to Use in Projection 2013 Year End Tax Deferrals - Ws C-1 Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total	(1,079,784,119)	7,348,942 0.0000% 0	100.0000% 0	(1,084,718,274) <u>15.2855%</u> (165,804,855)	- <u>38.7223%</u> 0	(2,414,787) <u>6.2558%</u> (151,064)[(165,955,919)
4 5	282.1 282.1	282 Balance to Use in True-Up 2013 Year End Tax Deferrals - Ws C-1 2012 Year End Tax Deferrals - Ws C-2	(1,079,784,119) (926,406,626)	7,348,942 786,842	- -	(1,084,718,274) (927,193,469)	- -	(2,414,787)	
6 7 8 9		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	(2,006,190,746) (1,003,095,373)	8,135,784 4,067,892 <u>0.0000%</u> 0	0 100.0000% 0	(2,011,911,743) (1,005,955,871) <u>15.1312%</u> (152,213,042)	0 38.7670% 0	(2,414,787) (1,207,394) <u>6.2494%</u> (75,455)	(152,288,497)
10	283.1	Account 283 - Form-1 page 276-277, Ln 9, Col (k) 283 Balance to Use in Projection 2013 Year End Tax Deferrals - Ws C-1	(40,846,520)	(10,281,651)	400,00000/	(327,322)		(30,237,547)	
11 12	283.1 283.1	Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total		<u>0.0000%</u> 0	<u>100.0000%</u> 0	<u>15.2855%</u> (50,033)	<u>38.7223%</u> 0	<u>6.2558%</u> (1,891,597)	(1,941,630)
13 14	283.1 283.1	283 Balance to Use in True-Up 2013 Year End Tax Deferrals - Ws C-1 2012 Year End Tax Deferrals - Ws C-2	(40,846,520) (41,074,933)	(10,281,651) (9,441,923)	- -	(327,322) (3,972,018)	- -	(30,237,547) (27,660,992)	
15 16 17 18		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	(81,921,453) (40,960,726)	(19,723,573) (9,861,787) <u>0.0000%</u> 0	- 0 <u>100.0000%</u> 0	(4,299,341) (2,149,670) <u>15.1312%</u> (325,271)	- 0 <u>38.7670%</u> 0	(57,898,539) (28,949,269) <u>6.2494%</u> (1,809,165)	(2,134,435)
		Account 190 - Form-1 page 234, Ln 8, Col. (c)							
19 20 21	190.1 190.1 190.1	190 Balance to Use in Projection 2013 Year End Tax Deferrals - Ws C-1 Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total	294,523,026	113,174,418 0.0000% 0	<u>100.0000%</u> 0	171,228,069 <u>15.2855%</u> 26,173,105	38.7223% 0	10,120,540 6.2558% 633,120	26,806,225
22 23	190.1 190.1	190 Balance to Use in True-Up 2013 Year End Tax Deferrals - Ws C-1 2012 Year End Tax Deferrals - Ws C-2	294,523,026 197,640,428	113,174,418 60,880,786	<u>-</u>	171,228,069 128,413,855	- -	10,120,540 8,345,787	
24 25 26 27		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	492,163,454 246,081,727	174,055,204 87,027,602 <u>0.0000%</u> 0	- 0 <u>100.0000%</u> 0	299,641,924 149,820,962 <u>15.1312%</u> 22,669,687	- 0 <u>38.7670%</u> 0	18,466,327 9,233,163 <u>6.2494%</u> 577,020	23,246,707
		Account 255 - Form-1 page 266-267			<u>lı</u>	Pre 1971 ITC ncludeable in Rate			
28 29 30	255 255 255	255 Balance to Use in Projection Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h) Transmission Allocator from Historic TCOS [GP or W/S] Allocated Total	- 🦅	N/A	<u>N/A</u>	Base - <u>15.2855%</u> 0	N/A	N/A [0
31 32	255 255	255 Balance to Use in True-Up Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 267, Ln 2.h) Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 266, Ln 2.b)	- //	<u></u>	<u> </u>	-	<u></u>	<u> </u>	ŭ
33 34 35 36		Subtotal Average Balance Transmission Allocator from True-Up TCOS [GP or W/S] Allocated Total	0	<u>N/A</u>	<u>N/A</u>	- 0 <u>15.1312%</u> 0	<u>N/A</u>	<u>N/A</u> [0

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

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

Allocation Method 100% Line # Balance **Exclusions** Transmission PTD Plant T&D Labor Account Description ACRS BENEFIT NORMALIZED 2821001 230A (929,645,193) PTD (929,645,193) 2821001 2301 CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD (1,271,727) PTD (1,271,727)PTD 230J RELOCATION CST-SECTION 481(a)-CHANGE IN METHD 81,564 2821001 81,564 (10,845,853) PTD 230X (10,845,853)2821001 R & D DEDUCTION - SEC 174 2821001 234Q MACRS TAX DEPRECIATION - RAIL CARS (4,854,105) PTD (4,854,105)2821001 260A SPARE PARTS INVENTORY 2,799,917 PTD 2,799,917 2821001 280H BK PLANT IN SERVICE - SFAS 143 - ARO (7,204,153) (7,204,153)GAIN/LOSS ON ACRS/MACRS PROPERTY 2821001 295A (29,708,407) PTD (29,708,407)2821001 295C GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP 1,764,745 PTD 1,764,745 ABFUDC (68,553,054) PTD 2821001 320A (68,553,054) 103,745,181 2821001 380J INT EXP CAPITALIZED FOR TAX PTD 103,745,181 390A CIAC - BOOK RECEIPTS 12,159,627 2821001 12,159,627 2821001 510H PROPERTY TAX-NEW METHOD-BOOK (392, 336)PTD (392, 336)2821001 532A PERCENT REPAIR ALLOWANCE (15,126,740) PTD (15,126,740)2821001 532C BOOK/TAX UNIT OF PROPERTY ADJ (35,462,903) PTD (35,462,903)2821001 532D BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ (29,170,517) PTD (29,170,517)534A CAPITALIZED RELOCATION COSTS (7,984,190) PTD 2821001 (7,984,190)LOSS-ABANDONMENT S TIE - BK PTD 2821001 560K 367,811 367,811 2821001 651A **IMPAIRED ASSETS RES-FAS 121-BK** 10,388,158 10,388,158 2821001 662A WRITE-OFF RE SFAS 71 (11,180,579) PTD (11,180,579)2821001 662B SFAS 109 WRITE-OFF RE SFAS 71 (2,878,325) PTD (2,878,325)2821001 680A JOINT VENTURES-SYS FUEL PRJ-TX (22,866)(22,866)2821001 710W **BREM & HAUGH ACQUSITON ADJ-TX** 6,218,248 6,218,248 711N CAPITALIZED SOFTWARE COSTS-TAX 7,378 7,378 2821001 Labor 7110 BOOK LEASES CAPITALIZED FOR TAX (2,647,650) PTD (2,647,650)2821001 2821001 711R CAPITALIZED LEASES - A/C 1011 ASSETS (74,846)PTD (74,846)(2,422,165) Labor (2,422,165)2821001 712K CAPITALIZED SOFTWARE COST-BOOK 2821001 910J INTEREST EXPENSE - COAL CARS (14,179,508) Е (14,179,508) 2821001 910K **REMOVAL CST** (42,347,251) PTD (42,347,251) 910W Е 2821001 REMOVAL COSTS REV-SFAS 143-ARO (10,564)(10,564)960F-XS 2821001 **EXCESS ADFIT 282** (1,333,817) PTD (1,333,817)2821001 TOTAL ELECTRIC ACCOUNT SUBTOTAL (2,414,787) (1,079,784,119) 7,348,942 (1,084,718,274) 0 (absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric) 1,079,784,119 014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET-L/T 2831001 (11,902,012) (11,902,012)2831001 510H PROPERTY TAX-NEW METHOD-BOOK MTM BK GAIN-A/L-TAX DEFL (1,048,079) 2831001 575E (1,048,079)2831001 575E-MJE MTM BK GAIN-A/L-TAX DEFL - MJE 576E MARK & SPREAD-DEFL-283-A/L 40,536 2831001 40,536 605B ACCRUED BK PENSION EXPENSE (34,695,670) (34,695,670) 2831001 Labor 33,673,834 605C ACCRUED BK PENSION COSTS - SFAS 158 33,673,834 2831001 ACC SEVER CSTS-ARK DO. #98339U 2831001 613Z 2831001 630A DEFD EXPS (A/C 186) 799,907 PTD 799,907 2831001 630J **DEFD STORM DAMAGE** PTD 630M RATE CASE DEFD CHGS 2831001 (2,773,102) PTD (2,773,102)2831001 631A DEFD VALENCE EXPENSES-CURRENT 679,760 PTD 679,760 631B (1,479,666) PTD (1,479,666)2831001 **DEFD VALENCE EXPENSES-NON-CURRENT** BK DEFL-DEMAND SIDE MNGMT EXP (931,971) PTD 632U 2831001 (931,971) 2831001 638A BOOK > TAX BASIS - EMA-A/C 283 10,136 10,136 2831001 660A TRANSITION REGULATORY ASSETS 2831001 660F REG ASSET - SFAS 143 - ARO REG ASSET-SFAS 143 - ARO 2831001 (495,993)(495,993)2831001 660L REG ASSET - DEFERRED LITIGATION COSTS 661R 2831001 **REG ASSET - SFAS 158 - PENSIONS REG ASSET-SFAS 158 - PENSIONS** (33,673,834) (33,673,834) 2831001 2831001 661S **REG ASSET - SFAS 158 - SERP REG ASSET-SFAS 158 - SERP** 2831001 (99,899)(99,899)REG ASSET - SFAS 158 - OPEB 2831001 661T REG ASSET-SFAS 158 - OPEB 2831001 4,142,478 4,142,478 2831001 664A REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA 664R REG ASSET-VALLEY DISTRICT DUE DILIGENCE 2831001 (346,836)(346,836)2831001 664S **REG ASSET-VEMCO EMPLOYEE RETIREMENT** 2831001 664U REG ASSET-VEMCO ACQUIS/INVESTMENTS 664V REG ASSET-NET CCS FEED STUDY COSTS (400,147)(400, 147)2831001 REG ASSET-SWEPCO/VEMCO TRANSACTION COST 2831001 664X 2831001 668P REG ASSET-LA 2009 FRP ASSET (41,216)(41,216)900A (2,857,921) PTD 2831001 LOSS ON REACQUIRED DEBT (2,857,921)2831001 900F BK DEFL-GAIN REACQUIRED DEBT 22,561 PTD 22,561 2831001 906A ACCRD SFAS 106 PST RETIRE EXP (1,027,242) Labor (1,027,242) SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT 906D 5,731,725 2831001 Labor 5,731,725 2831001 906K ACCRD SFAS 112 PST EMPLOY BEN 1,806,883 Labor 1,806,883 2831001 906Z SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET (2,053,243) Labor (2,053,243)2831001 913Y **BK DEFL - MERGER COSTS** 2831001 920G TX AMORT-30% OF MINE DEV COSTS 921A **BK DEPLETION-MINERALS & RIGHTS** 2831001 900,158 900,158 2831001 930A **BOOK > TAX BASIS-PRTSHP INVEST** (1,038,072) (1,038,072)2831001 940K 1988-1990 IRS AUDIT SETTLEMENT (2,705)(2,705)911Q-DSIT DSIT ENTRY - NORMALIZED 2831002 6,213,104 PTD 6,213,104 2831 TOTAL ELECTRIC ACCOUNT SUBTOTAL (40,846,520) (10,281,651) (327,322) 0 (30,237,547) 0 40,846,519 (absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric) 1901001 011C TAX CREDIT C/F - DEF TAX ASSET- MJE 758,918 758,918 1901001 PUCT FUEL O/U RECOVERY-RETAIL 433A 433B INTEREST-FUEL OVER/UNDER RECOVERY (17,274)(17,274)1901001 1901001 433C AR - FUEL OVER/UNDER RECOVERY (6,338,269) (6,338,269)1901001 433D LA - FUEL OVER/UNDER RECOVERY UNBILLED REVENUE 1901001 460A 8,141,795 8,141,795 520A 4,193,340 1901001 PROVS POSS REV REFDS-A/L 4,193,340 PTD 1901001 562G DEFERRED BOOK GAIN/LOSS ON SALE 48,970 PTD 48,970 DEFERRED BOOK GAIN/LOSS ON SALE-LT 1901001 576F (243,039)1901001 MARK & SPREAD-DEFL-190-A/L (243,039)PROV WORKER'S COMP 107,102 1901001 602A 107,102 Labor 1901001 605E SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN 293,479 Labor 293,479 1901001 605F ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158 99,899 Ε 99,899 ACCRD BK SUP. SAVINGS PLAN EXP 1901001 605I 292,722 Labor 292,722 1901001 605J EMPLOYER SAVINGS PLAN MATCH Labor ACCRUED BK BENEFIT COSTS 1901001 605K 76,018 Labor 76,018 1901001 605O ACCRUED PSI PLAN EXP 308,358 Labor 308,358 1901001 610A **BK PROV UNCOLL ACCTS** PTD 496,404 1901001 BK PROV UNCOLL ACCTS - ST 496,404 PTD PROV-TRADING CREDIT RISK - A/L 1901001 610U 7,375 7,375 1901001 610V PROV-FAS 157 - A/L 611E ACCRUED MINE RECLAMATION 14,244,372 1901001 14,244,372 1901001 611G **DEFD COMPENSATION-BOOK EXPENSE** 593,275 Labor 593,275 PROVISION FOR LITIGATION 1901001 611Y PTD 612G ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN 568,894 568,894 1901001 Labor ACCRD COMPANYWIDE INCENTV PLAN 4,510,189 1901001 612Y Labor 4,510,189 1901001 613C ACCRD ENVIRONMENTAL LIAB-CURRENT 13,299 PTD 13,299 1901001 613E ACCRUED BOOK VACATION PAY 3,280,816 Labor 3,280,816 1901001 613K (ICDP)-INCENTIVE COMP DEFERRAL PLAN 84,044 Labor 84,044 ACCRD BK SEI EMP BENEFIT COSTS 1901001 613V 0 5,643 5,643 1901001 613Y ACCRUED BK SEVERANCE BENEFITS Labor ACCRUED INTEREST EXP -STATE 1901001 615A PTD 1901001 615B ACCRUED INTEREST-LONG-TERM - FIN 48 (659,605) (659,605)615B-MJE ACCRD INTRST-TAX RES-L/T-FIN 48-MJE 1901001 961,045 961,045 ACCRUED INTEREST-SHORT-TERM - FIN 48 1901001 615C (390,614) (390,614)615C-MJE ACCRD INTRST-TAX RES-S/T-FIN 48-MJE 417,974 1901001 417,974 1901001 615E ACCRUED STATE INCOME TAX EXP (621,404)(621,404)1901001 6150 BK DFL RAIL TRANS REV/EXP (0) (0) DEFD REVENUE-DSM LOST REVENUES 1901001 633Y DEFD BK GAIN-NON-AFF SALE-EMA 1901001 639A (69,006)(69,006)309,855 1901001 641I ADVANCE RENTAL INC (CUR MO) 309,855 PTD 1901001 641X DEFERRED INCOME - DOLET HILLS MINING BUYOUT 223,025 223,025 1901001 651F DISALLOWED COSTS - TURK PLANT 20,222,344 20,222,344 DISALLOWED COSTS - TURK PLANT ADDITIONAL CAP 1901001 651G 1901001 651H DISALLOWED COSTS - TURK PLANT AUX BOILER 783,494 783,494 652G REG LIAB-UNREAL MTM GAIN-DEFL 1901001 377,706 377,706 1901001 664G REG LIAB-MIRROR AFUDC-LA 27,182,324 27,182,324 1901001 700Z TAX DEFL - DEBT ISSUE COSTS PTD 1901001 701A AMORT - GOODWILL PER BOOKS 1,478,750 1,478,750 1901001 702A GOODWILL PER TAX (459,258) Е (459,258)1901001 710H AMORT ELEC PLT ACQ ADJS 315,249 PTD 315,249 906F ACCRD OPEB COSTS - SFAS 158 1901001 (4,142,478)(4,142,478)906P ACCRD BOOK ARO EXPENSE - SFAS 143 14,657,566 1901001 14,657,566 911F-FIN48 1901001 FIN 48 DSIT (86,365)(86,365)1901001 911Q-DSIT DSIT ENTRY - NORMALIZED (2,174,586) PTD (2,174,586)ACCRUED SALES & USE TAX RESERVE 1901001 911S (643,902)(643,902)ACCRUED SALES & USE TAX RESERVE - MJE 1901001 762,650 762,650 ACCRD SIT TX RESERVE-LNG-TERM-FIN 48 1901001 911V 1,105,775 1,105,775 ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE 1901001 911V-MJE 1,233,829 1,233,829 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48 1901001 911W 56,189 Е 56,189 1901001 940X IRS CAPITALIZATION ADJUSTMENT PTD 1,000,989 1,000,989 1901001 960E AMT CREDIT - DEFERRED 124,850 Е 124,850 960Z 1901001 NOL - DEFERRED TAX ASSET RECLASS 167,024,549 PTD 167,024,549 NOL-STATE C/F-DEF STATE TAX ASSET-L/T 1901002 014C-DSIT 34,005,750 E 34,005,750 1901 TOTAL ELECTRIC ACCOUNT SUBTOTAL 294,523,026 113,174,418 171,228,069 10,120,540 0

(Total Company Amount Ties to FF1 p.234(c) -- Electric)

294,523,027

Worksheet C-2 - ADIT & ITC Details

SOUTHWESTERN ELECTRIC POWER COMPANY DETAIL OF DEFERRED INCOME TAX BALANCES AS OF DECEMBER 31, 2012

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Transmission	Allocation Method PTD Plant	T&D	Labor
821001	230A	ACRS BENEFIT NORMALIZED	(784,523,927)	PTD	LAGIAGIONO	Transmission	(784,523,927)	145	Luboi
821001	2301	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD			(1,271,727)		
821001 821001	230J 230X	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD R & D DEDUCTION - SEC 174	81,564 (15,448,869)	PTD PTD			81,564 (15,448,869)		
821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS	(4,619,668)	PTD			(4,619,668)		
321001 321001	260A 280H	SPARE PARTS INVENTORY BK PLANT IN SERVICE - SFAS 143 - ARO	2,799,917 (2,898,026)	PTD E	(2,898,026)		2,799,917		
321001 321001	295A 295C	GAIN/LOSS ON ACRS/MACRS PROPERTY GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	(34,717,062) 1,764,559	PTD PTD			(34,717,062) 1,764,559		
21001	320A	ABFUDC	(66,874,303)	PTD			(66,874,303)		
321001 321001	380J 390A	INT EXP CAPITALIZED FOR TAX CIAC - BOOK RECEIPTS	101,527,523 11,372,808	PTD PTD			101,527,523 11,372,808		
321001	510H	PROPERTY TAX-NEW METHOD-BOOK	(392,336)	PTD			(392,336)		
321001 321001	532A 532C	PERCENT REPAIR ALLOWANCE BOOK/TAX UNIT OF PROPERTY ADJ	(15,126,740) (26,929,835)	PTD PTD			(15,126,740) (26,929,835)		
321001 321001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(29,170,517)	PTD			(29,170,517)		
321001 321001	534A 560K	CAPITALIZED RELOCATION COSTS LOSS-ABANDONMENT S TIE - BK	(7,375,285) 367,811	PTD E	367,811		(7,375,285)		
321001 321001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,388,158	PTD	307,011		10,388,158		
321001 321001	662A 662B	WRITE-OFF RE SFAS 71 SFAS 109 WRITE-OFF RE SFAS 71	(11,180,579) (2,878,325)	PTD E	(2,878,325)		(11,180,579)		
321001	680A	JOINT VENTURES-SYS FUEL PRJ-TX	(22,866)	E	(22,866)				
21001 21001	710W 711N	BREM & HAUGH ACQUSITON ADJ-TX CAPITALIZED SOFTWARE COSTS-TAX	6,218,248 7,712	E PTD	6,218,248		7,712		
21001	7110	BOOK LEASES CAPITALIZED FOR TAX	(2,571,312)	PTD			(2,571,312)		
321001 321001	711R 712K	CAPITALIZED LEASES - A/C 1011 ASSETS CAPITALIZED SOFTWARE COST-BOOK	(74,846) (3,042,116)	PTD PTD			(74,846) (3,042,116)		
321001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	PTD			(14,179,508)		
321001 321001	910K 910W	REMOVAL CST REMOVAL COSTS REV-SFAS 143-ARO	(35,669,240) (10,564)	PTD PTD			(35,669,240) (10,564)		
21001	960F-XS	EXCESS ADFIT 282	(1,957,278)	PTD			(1,957,278)		
2821001 (a	absolute value T	TOTAL ELECTRIC ACCOUNT SUBTOTAL Total Company Amount Ties to FF1 p.275(k) Acct 282 Electric)	(926,406,626) 926,406,626		786,842	0	(927,193,469)	0	(
24224	0440 DOIT	NOU OTATE O/E DEF OTATE TAY AGOST LIFE	(0.705.000)	DTD			(0.705.000)		
331001 331001	014C-DSIT 510H	NOL-STATE C/F-DEF STATE TAX ASSET-L/T PROPERTY TAX-NEW METHOD-BOOK	(8,785,000)	PTD E	(707.740)		(8,785,000)		
31001 31001	575E 575E-MJE	MTM BK GAIN-A/L-TAX DEFL MTM BK GAIN-A/L-TAX DEFL - MJE	(727,746) (5,556)	E E	(727,746) (5,556)				
31001	576E	MARK & SPREAD-DEFL-283-A/L	(3,229)	PTD	(5,550)		(3,229)		/07 0= :
31001 31001	605B 605C	ACCRUED BK PENSION EXPENSE ACCRUED BK PENSION COSTS - SFAS 158	(37,954,431) 43,015,732	Labor E	43,015,732				(37,954,43
31001	613Z	ACC SEVER CSTS-ARK DO. #98339U	-	E E	0				
31001 31001	630A 630J	DEFD EXPS (A/C 186) DEFD STORM DAMAGE	799,907 (573,678)	E	799,907 (573,678)				
31001	630M	RATE CASE DEFD CHGS	(1,989,776)	E	(1,989,776)				
31001 31001	631A 631B	DEFD VALENCE EXPENSES-CURRENT DEFD VALENCE EXPENSES-NON-CURRENT	(146,578) (1,479,666)	E E	(146,578) (1,479,666)				
31001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(570,781)	E	(570,781)				
31001 31001	638A 660F	BOOK > TAX BASIS - EMA-A/C 283 REG ASSET - SFAS 143 - ARO	(301) (418,971)	E E	(301) (418,971)				
31001 31001	661R 661S	REG ASSET - SFAS 158 - PENSIONS REG ASSET - SFAS 158 - SERP	(43,015,732)	E E	(43,015,732) (101,591)				
31001	661T	REG ASSET - SFAS 156 - SERF	(101,591) (2,284,953)	E	(2,284,953)				
31001 31001	664A 664R	REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA REG ASSET-VALLEY DISTRICT DUE DILIGENCE	(2,650) (346,836)	E E	(2,650) (346,836)				
31001	664S	REG ASSET-VEMCO EMPLOYEE RETIREMENT	0	Е	0				
31001 31001	664U 664V	REG ASSET-VEMCO ACQUIS/INVESTMENTS REG ASSET-NET CCS FEED STUDY COSTS	(0) (803,170)	E E	(0) (803,170)				
31001	664X	REG ASSET-SWEPCO/VEMCO TRANSACTION COST	(0)	Е	(0)		(1)		
31001 31001	900A 900F	LOSS ON REACQUIRED DEBT BK DEFL-GAIN REACQUIRED DEBT	(3,282,534) 26,504	PTD PTD			(3,282,534) 26,504		
31001	906A	ACCRD SFAS 106 PST RETIRE EXP	4,000,753	Labor			,		4,000,753
31001 31001	906D 906K	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT ACCRD SFAS 112 PST EMPLOY BEN	4,446,063 1,846,623	Labor Labor					4,446,063 1,846,623
31001	920G	TX AMORT-30% OF MINE DEV COSTS	- · · · · · · · · · · · · · · · · · · ·	PTD			0		,,-
31001 31001	921A 930A	BK DEPLETION-MINERALS & RIGHTS BOOK > TAX BASIS-PRTSHP INVEST	384,728 (786,872)	PTD E	(786,872)		384,728		
31001 31002	940K 911Q-DSIT	1988-1990 IRS AUDIT SETTLEMENT DSIT ENTRY - NORMALIZED	(2,705) 7,687,513	E PTD	(2,705)		7,687,513		
01002	3110 0011		7,007,010	110			7,007,510		
2831 (:	absolute value T	TOTAL ELECTRIC ACCOUNT SUBTOTAL Total Company Amount Ties to FF1 p.277(k) Acct 283 Electric)	(41,074,933) 41,074,933		(9,441,923)	0	(3,972,018)	0	(27,660,992
01001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	2,022,293	E	2,022,293				
001001 001001	433B 433C	INTEREST-FUEL OVER/UNDER RECOVERY AR - FUEL OVER/UNDER RECOVERY	(63,064) (1,956,200)	E E	(63,064) (1,956,200)				
01001	433D	LA - FUEL OVER/UNDER RECOVERY	(1,329,409)	E	(1,329,409)				
01001 01001	460A 520A	UNBILLED REVENUE PROVS POSS REV REFDS-A/L	10,056,786 1,791,824	E PTD	10,056,786		1,791,824		
01001	562G 576F	DEFERRED BOOK GAIN/LOSS ON SALE-LT MARK & SPREAD-DEFL-190-A/L	48,970	E PTD	48,970				
)1001)1001	602A	PROV WORKER'S COMP	(302,244) 186,962	Labor			(302,244)		186,962
01001 01001	605E 605F	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	282,798 101,591	Labor E	101,591				282,798
01001	6051	ACCRD BK SUP. SAVINGS PLAN EXP	89,212	Labor	101,091				89,212
01001 01001	605K 605O	ACCRUED BK BENEFIT COSTS ACCRUED PSI PLAN EXP	76,018 292,257	Labor Labor					76,018 292,257
01001	610A	BK PROV UNCOLL ACCTS	714,527	PTD			714,527		202,201
01001 01001	610V 611E	PROV-FAS 157 - A/L ACCRUED MINE RECLAMATION	(155) 13,713,782	E PTD	(155)		13,713,782		
01001	611G	DEFD COMPENSATION-BOOK EXPENSE	593,275	Labor			.5,. 15,152		593,275
01001 01001	612Y 613C	ACCRD COMPANYWIDE INCENTV PLAN ACCRD ENVIRONMENTAL LIAB-CURRENT	3,610,654 15,052	Labor PTD			15,052		3,610,654
01001	613E	ACCRUED BOOK VACATION PAY	3,214,611	Labor			. 3,332		3,214,61
01001 01001	613K 613Y	(ICDP)-INCENTIVE COMP DEFERRAL PLAN ACCRUED BK SEVERANCE BENEFITS	68,169 219,384	E E	68,169 219,384				
01001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(681,609)	Е	(681,609)				
01001 01001	615B-MJE 615C	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE ACCRUED INTEREST-SHORT-TERM - FIN 48	961,045 (407,410)	E E	961,045 (407,410)				
01001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	417,974	E	417,974				
01001 01001	615O 639A	BK DFL RAIL TRANS REV/EXP DEFD BK GAIN-NON-AFF SALE-EMA	31,644 (69,006)	E PTD	31,644		(69,006)		
01001 01001	641I 641X	ADVANCE RENTAL INC (CUR MO) DEFERRED INCOME - DOLET HILLS MINING BUYOUT	329,961 262,845	PTD PTD			329,961 262,845		
01001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(149,459)	Е	(149,459)		ZUZ,040		
01001 01001	664G 701A	REG LIAB-MIRROR AFUDC-LA AMORT - GOODWILL PER BOOKS	33,632,863 1,023,750	E E	33,632,863 1,023,750				
01001	702A	GOODWILL PER TAX	(572,517)	E	(572,517)				
01001 01001	906F 906P	ACCRD OPEB COSTS - SFAS 158 ACCRD BOOK ARO EXPENSE - SFAS 143	2,284,953 12,802,240	E E	2,284,953 12,802,240				
01001	911F-FIN48	FIN 48 DSIT	(276,145)	Е	(276,145)		75. 5. 5. 5.		
01001 01001	911Q-DSIT 911S	DSIT ENTRY - NORMALIZED ACCRUED SALES & USE TAX RESERVE	(2,690,630) (2,032,485)	PTD E	(2,032,485)		(2,690,630)		
01001		ACCRUED SALES & USE TAX RESERVE - MJE	2,431,100	Е	2,431,100				
01001 01001	911V 911V-MJE	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48 ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	872,027 1,233,829	E E	872,027 1,233,829				
01001	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	24,390	Е	24,390		4.405.455		
01001 01001	940X 960E	IRS CAPITALIZATION ADJUSTMENT AMT CREDIT - DEFERRED	1,125,163 116,230	PTD E	116,230		1,125,163		
	960Z	NOL - DEFERRED TAX ASSET RECLASS	88,422,582	PTD	, ·-		88,422,582		
901001									
901001 901002 1901	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T TOTAL ELECTRIC ACCOUNT SUBTOTAL	25,100,000 197,640,428	PTD	60,880,786	0	25,100,000 128,413,855	0	8,345,787

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

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

Materials & Supplies

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

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

Prepayments Account 165 - Balance @ 12/31/2013

			2013	Excludable	100% Transmission	Plant	Lohor	Total Included in Rate Base	
	Acc. No.	<u>Description</u>	YE Balance	<u>Balances</u>	Related	Related	Labor <u>Related</u>	(E)+(F)+(G)	
0	4050004	Dranoid Incorpora	4 200 202	0		740.044	040.500		Plant: Property Ins, Labor Related: Gen Liability
8	1650001	Prepaid Insurance	1,360,202	0		719,611	640,592	1,360,202	Ins, D&O Ins, Workers Comp Ins.
9	1650004	Prepaid Interest	U	Ü				0	
10	1650005	Prepaid Employee Benefits	0	0				0	
11	1650006	Other Prepayments	11,220,046	11,220,046				0	
12	1650009	Prepaid Carry Cost	88,744	88,744				0	
13	1650010	Prepaid Pension Benefits	105,717,110				105,717,110	105,717,110	Prefunded Pension Expense
14	165001113	Prepaid Sales Taxes	724,800			724,800		724,800	
15	165001213	Prepaid Use Taxes	5	5				0	
16	1650014	FAS 158 Qual Contra Asset	(105,717,110)	(105,717,110)				0	
17	1650016	FAS 112 ASSETS	0	,				0	SFAS 158 Offset
18	1650021	Prepaid Insurance - EIS	943,517			479,971	463,546	943,517	Liability Ins.
19	1650023	Prepaid Leases	24,000	24,000				0	
20	1650029	Future Wetland Credits - Long Term	300,000	300,000				0	Dolet Hills Future Wetlands Credit
		-							
21		Subtotal - Form 1, p 111.57.c	14,661,315	(94,084,314)	0	1,924,381	106,821,247	108,745,629	

Prepayments Account 165 - Balance @ 12/31/2012

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

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

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

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

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

ROE w/o incentives (Projected	d TCOS, In 149)		11.20%	
Project ROE Incentive Adder (Enter as whole num	nber)	0 basis points	
ROE with additional 0 basis po	int incentive		11.20% <==Incentive ROE Cannot Exceed	12.45%
Determine R (cost of long terr	n debt, cost of prefe	erred stock and perce	nt is from Projected TCOS, Ins 147 through 149)	
	<u>%</u>	Cost	Weighted cost	
Long Term Debt	48.97%	0.0581	0.0285	
Preferred Stock	0.00%	0.0000	0.0000	
Common Stock	51.03%	0.1120	<u>0.0571</u>	
		R =	0.0856	

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

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

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

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

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

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

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

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

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

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

Net Revenue Requirement before Gross Margin Taxes, with 0	131,654,769
Basis Point ROE increase (II B. above)	
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	53,096,715
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	37,167,701
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	371,677
Gross-up Required for Gross Margin Tax Expense	1,060
Total Additional Gross Margin Tax Revenue Requirement	372,737

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

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

Incremental FCR with 0 Basis Point ROE increase, less Depreciation

III. Calculation of Composite Depreciation Rate

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

AEP - SPP Formula Rate SWEPCO TCOS - WS F Page: 61 of 69

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

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

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

AEP West SPP Member Companies

2014 Cost of Service Formula Rate Projected on 2013 FF1 Balances

Worksheet G - Calculation of TRUED-UP Annual Revenue Requirement for BPU and Special-billed Projects
Based on a Carrying Charge Derived from Trued-Up 2013 Data

SOUTHWESTERN ELECTRIC POWER COMPANY

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

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

ROE w/o incentives (True-	Up TCOS, In 136)		11.20%		
Project ROE Incentive Add	er (Enter as whole	number)	0	basis points	
ROE with additional 0 basis	s point incentive		11.20%	<==Incentive ROE	Cannot Exceed 12.45%
Determine R (cost of long	term debt, cost of p	referred stock and per	cent is from True-Up T	COS, Ins 134 throug	ıh 136)
	<u>%</u>	<u>Cost</u>	Weighted cost		
Long Term Debt	49.11%	0.0573	0.0282		
Preferred Stock	0.00%	0.0000	0.0000		
Common Stock	50.89%	0.1120	<u>0.0570</u>		
		R =	0.0852		

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

Rate Base (True-Up TCOS, In 63)	517,146,435
R (from A. above)	0.0852
Return (Rate Base x R)	44.038.087

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

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

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

338,873

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

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

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

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

Net Revenue Requirement before Gross Margin Taxes, with 0	119,693,701
Basis Point ROE increase (II B. above)	
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	48,272,785
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	33,790,950
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	337,909
Gross-up Required for Gross Margin Tax Expense	964

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

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

III. Calculation of Composite Depreciation Rate

Total Additional Gross Margin Tax Revenue Requirement

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

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		Rev R	Require	W In	centives	Incentive Amoun	ts
TRUE-UP YEAR	2013		•				
∑ Prior Ye	ar Projected (WS-F)	\$	33,398,332	\$	33,398,332	\$	-
∑ Prior Ye	ear True-Up (WS-G)	\$	31,741,511	\$	31,741,511	\$	-
True-u	p Adjustment For 2013	3	(1,656,820)		(1,656,820)		-

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

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

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

Revenue	Cradita	for
Kevenile	Credits	: TOT

evenu	ie Credits for	Total Company	Non- Transmission	Transmission
I.	Account 450, Forfeited Discounts	4,687,986	4,687,986	
II.	Account 451, Miscellaneous Service Revenues	2,682,253	2,682,253	
III.	Account 454, Rent from Electric Property			
	1 Account 4540001 - Rent from Elect Property-Aff	1,821,307	1,821,307	
	2 Account 4540002 - Rent from Elect Property - Non-Aff	2,987,845	2,985,912	1,932
	3 Account 4540005 - Rent from Elect Property - Pole Attach	37,658	37,658	
	4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	4,375,950	4,375,950	
	5 Total Rents from Electirc Property	9,222,760		1,932
	(Revenue related to transmission facilities for pole attachments, rentals, etc. Provide data sources and expl	anations in Sectio	on VIII, Notes below)	
IV.	Account 4560015, Revenues from Associated Business Development			
	1 Account 4560015, Revenues from Associated Business Development	554,863		138,843
V.	Total Other Operating Revenues To Reduce Revenue Requirement			140,776
VI.	Account 456.1, Revenues from Transmission of Electricity of Others			69,448,100
	(Provide data sources and any detailed explanations necessary in Section VIII Notes below) Less:			
	1 Transmission Direct Assignment Revenue (if costs not in the ARR)			
	2 Sponsored Upgrade Revenue			
	3 Credits against Transmission Service Revenue related to Generation Interconnections			2,811,667
	4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			74,895
	5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			34,494,044
	6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			
	7 Distribution and Other Non-Transmission Revenue			362,947
	8 Revenue from SPP Ancillary Services Provided			5,923,223
	9 Base Plan Revenue (from SPP)			16,690,089
	10 Flow Through of ERCOT Ancillary Charges			
	11 Other			
	Net Transm	ission Credi	ts	\$9,091,234
				ψ0,001, <u>2</u> 04
VII.	Total Worksheet A Revenue Credits			\$9,232,009
1/111	Data Sources:			

VIII. Data Sources:

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

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

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

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

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

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

	(A)	(B)	(C)	(D)	(E)	(F)
<u>Line</u> Number	FERC Acct No.	<u>Description</u>	<u>2013</u> Expense	100% Non-Transmission	100% Transmission Specific	<u>Explanation</u>
1 2 3 4	9260021 9260057	Account 926 2007 Base Year OPEB Expense (Note 1) Postretirement Benefits - OPEB Postret Ben Medicare Subsidy OPEB Billed From Service Corporation Net 2007 Base Year Expense	7,852,189 (2,175,142) 496,027 6,173,074			
5 6 7 8 9	9260021 9260057	Postretirement Benefits - OPEB Postret Ben Medicare Subsidy OPEB Billed From Service Corporation Net 2013 Expense Net Increase (Decrease) in OPEB Expense	(3,264,056) 1,150,442 255,666 (1,857,948) (8,031,022)	This Amount Is Allocat	ted on Wages & S	alaries
	Note 1: Al	osent a 205 Filing with FERC, the base amounts (Lns 1-4)	will not change in	subsequent years.		
11	9280000	Account 928 Regulatory Commission Exp	1,302	1,302		
12	9280001	Reg Commission Expense - OCC Annual Fees	90,245	90,245		FERC Annual Assessment
13	9280002	Reg Commission Exp - Labor Accruals	803	658		Labor accruals - for various depts
14		Reg Commission Exp - Case	31,370			To accumulate costs associated with an Energy Efficiency Rulemaking for SWEPCO Arkansas.
15	9280002	Reg Commission Exp - Case	47,560	41,433	6,127	Misc Filing Federal and/or State Regulatory and Legislative
16	9280002	Reg Commission Exp - Case	5,401	5,401		activities including but not limited to policy development, regulatory case management and other regulatory and legislative support. Reg/Leg Act- Arkansas
17	9280002	Reg Commission Exp - Case	831	831		To accumulate AEPSC costs in connection with the preparation and filing of the 2015 Louisiana Integrated
18		Reg Commission Exp - Case	47,917	47,917		2009 SWEPCO EECRF Filing
19	9280002	Reg Commission Exp - Case	2,070		2,070	FERC Docket ER07-1369-000
20		Reg Commission Exp - Case	2,178	2,178		2009 TX Filing - Fuel Rec
21 22		Reg Commission Exp - Case Reg Commission Exp - Case	0 226,750	134,283	92,467	2009 TX Rate Filing SWEPCO TX Rate Case filing - 2012 To accumulate AEPSC costs in connection with the
23	9280002	Reg Commission Exp - Case	13,807	13,807		preparation and filing to seek prudence determination regarding the environmental retrofit at SWEPCO's Flint Creek.
24	9280002	Reg Commission Exp - Case	6,635	6,635		Rate Case Support - SWEPCO Turk CWIP Case 2011.
25		Reg Commission Exp - Case	57,899		37,099	This work order will accumulate charges for the TCRF for SWEPCo transmission. To accumulate costs by AEPSC personnel in connection with the SWEPCo Energy Efficiency Cost Recovery Factors (EECRF) Filing to include recovery
26	9280002	Reg Commission Exp - Case	40,847	40,847		of budgeted energy efficiency costs, over-under recovery balances and , if applicable, performance bonus amount
27	9280003	Rate Case Amort	1,372,025	1,372,025		Rate Case Amortization
28		Total (FF1, pg. 323)	1,947,637	1,788,930	158,707	
29	9301000	Account 930.1	98,422	98,422	0	
30	9301001	General Advertising Expenses Newspaper Advertising Space	22,404	22,404	0	
31 32	9301002 9301003	Radio Station Advertising Time TV Station Advertising Time	7,682 0	7,682 0	0	
33 34	9301006 9301008	Spec Corporate Comm Info Proj Direct Mail and Handouts	0	0	0	
35	9301009	Fairs, Shows, and Exhibits	107	107	0	
36 37	9301010 9301011	Publicity Dedications, Tours, & Openings	4,348 0	4,348 0	0	
38 39	9301012 9301013	Public Opinion Surveys Movies Slide Films & Speeches	13,395 0	13,395 0	0	
40	9301014 9301015	Video Communications	26	26	0	
41 42	9301013	Other Corporate Comm Exp Total (FF1, pg. 323)	197,977	51,593 197,977	-	
		Account 930.2				
43 44		Misc General Expenses Corporate & Fiscal Expenses	449,985 84,460	449,985 84,460	0	
45 46	9302004	Research, Develop&Demonstr Exp Assoc Bus Development - Materials Sold-Trans	7,670 0	7,670 0	0	
47	9302006	Assoc Bus Development - Materials Sold-Non Trans	86,108	86,108	0	
48 49	9302007 9302007	Assoc Business Development Exp - Transmission Assoc Business Development Exp - Non-Transmission	88,526 138,239	0 138,239	88,526 0	
50 51	9302458	AEPSC Non Affliated expenses Franchise Requirements	39	39	0	
49		Total (FF1, pg. 323)	855,027	766,501	88,526	

AEP West SPP Member Companies

Cost of Service Formula Rate Using 2013 FF1 Balances

Worksheet K - Development of Composite State Income Tax Rate

SOUTHWESTERN ELECTRIC POWER COMPANY

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2013

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

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

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

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
 (ln 10 / ln 11)
 40.33%

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

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

	(A)	(B)	(C)	(D)	(E)	(F)
Line		Total				
No.	Account	Company	Property	Labor	Other	Non-Allocable
1	Revenue Taxes					
2	TX Gross Receipts/OH CAT Tax	4,888,152				4,888,152
_	The Group Robot Plant Tax	1,000,102				1,000,102
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum	369,172	369,172			
5	Arkansas Ad Valorum	12,286,931	12,286,931			
6	Louisiana Ad Valorum	18,018,701	18,018,701			
7	Texas Ad Valorum	15,634,195	15,634,195			
_						
8	Payroll Taxes	0.000.070		0.000.070		
9	Federal Insurance Contribution (FICA)	6,396,078		6,396,078		
10	Federal Unemployment Tax	79,690		79,690		
11	State Unemployment Insurance	371,767		371,767		
12	Production Taxes					
13	<u>. 10000111000</u>	-				-
14		_				-
15	Miscellaneous Taxes					
16	Federal Excise Tax	6,845				6,845
17	LA State Franchise	3,225,467			3,225,467	
18	DE State Franchise	70,996			70,996	
19	AR State Franchise	160,309			160,309	
20	Ok State Franchise Tax	20,100			20,100	
21	Ok State License	10			10	
22	AR State License	310			310	
23	NE State License	- (FO)			- (50)	
24	DE State License	(56)			(56)	
25 26	LA State License	35			35	
26 27	AR Local Franchise TX Local Franchise	9,266,604			- 9,266,604	
28	TX State Franchise	9,200,004			3,200,004	_
29	LA Local Franchise	7,915,969			7,915,969	
30	AR Sales & Use Tax	(29)			(29)	
31	LA Sales & Use Tax	-			(=3)	_
32	NE Sales & Use Tax	_				-
33	Ok Sales & Use Tax	2				2
34	TX Sales & Use Tax	124				124
35	TX PUC	743,439			743,439	
36	LA Insp & Cntrl Fees	422,872			422,872	
37	TX Misc Tax	144,000			144,000	
38	LA Misc Tax	75,000			75,000	
39	AR PUC	565,341			565,341	
40	VA Misc Tax	-			-	
			40.000.000			

80,662,024

80,662,024

Total Taxes by Allocable Basis

(Total Company Amount Ties to FFI p.114, Ln 14,(c))

41

46,308,999

6,847,535

22,610,367

4,895,123

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AEP West SPP Member Companies Cost of Service Formula Rate Using 2013 FF1 Balances

Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2013 SOUTHWESTERN ELECTRIC POWER COMPANY

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	Principle Amount FF1.p. 257.x (h)	Interest Rate	Annual Expense	<u>Notes</u>
Long Term Debt (FF1.p. 256-257.h) 1 Affiliated Notes Payable	FF1.p. 257.x (II)			
None			-	
4 Pollution Control Bonds				
5 PCRB - Parish of DeSoto, LA - Series 2010 6 PCRB - Sabine River - Series 2006 - 4.95%	53,500,000 81,700,000	3.25% 4.95%	1,738,750 4,044,150	
7 8 Senior Unsecured Notes			-	
9 Senior Unsecured Notes - Series C 10 Senior Unsecured Notes - Series D	100,000,000 150,000,000	5.375% 4.90%	5,375,000 7,350,000	
11 Senior Unsecured Notes - Series E12 Senior Unsecured Notes - Series F	250,000,000 300,000,000	5.55% 5.875%	13,875,000 17,625,000	p257 L20(h)
13 Senior Unsecured Notes - Series G 14 Senior Unsecured Notes - Series H	400,000,000 350,000,000	6.45% 6.20%	21,700,000	p257 L28(h) p257.1 L3(h)
15 Senior Unsecured Notes - Series I <u>Issuance Discount, Premium, & Expenses:</u>	275,000,000	3.55%	9,762,500	p257.1 L5(n)
16 Financial Hedges & Auction Fees	FF1.p256 & 257.i Lines Described as H	ledges or Fees	3,487,665	p257.1,Ln8 p257,Ln23
17 Amort of Debt Discount and Expenses18 Less: Amor of Debt Premiums	FF1.p. 117.63.c (or WS-N Ln 15) FF1.p. 117.65.c (or WS-N Ln 17)		1,931,051 -	
Reacquired Debt: 19 Amortization of Loss	FF1.p. 117.64.c (or WS-N Ln 16)		1,213,182	
20 Less: Amortization of Gain	FF1.p. 117.66.c (or WS-N Ln 18)		11,267	
21 Total Interest on Long Term Debt	1,960,200,000	5.81%	113,891,031]
Preferred Stock (FF1.p. 250-251)	Preferred Balance Outstanding		-	
			-	
22 Dividends on Preferred Stock	-	0.00%	-]

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

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

(A)	(B)	(C)	(D)	(E)	
Line		Balances @ 12/31/2013	Balances @ 12/31/2012	Average	
<u>Develor</u>	oment of Average Balance of Common Equity				
	Total Proprietary Capital (p. 112.16.c&d) Less Preferred Stock from Ln 46 below	2,055,439,065	2,021,211,699	2,038,325,382	
3	3 Less Account 216.1 (p. 112.12.c&d) 4 Less Account 219.1 (p. 112.15.c&d)	21,517,257 (8,446,167)	19,193,896 (17,862,454)	20,355,577 (13,154,311)	
į	5 Average Balance of Common Equity	2,042,367,975	2,019,880,257	2,031,124,116	
<u>Develop</u>	oment of Cost of Long Term Debt Based on A	verage Outstanding B	<u>alance</u>		
	6 Bonds (221) (p. 112.18.c&d)	-	-	-	
	7 Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-	
	3 Advances from Assoc. Companies (223) (p112.20.c&d) 3 Senior Unsecured Notes (224) (p. 112.21.c&d)	1,960,200,000	1,960,200,000	1,960,200,000	
	Total Average Debt	1,960,200,000	1,960,200,000	1,960,200,000	
11	Annual Interest Expense for 2013				
	2 Coupon Interest on Long Term Debt (256-257.33.i)			110,758,065	
	B Less: Financial Hedge (Gain)/Expense from Ln 26 Include	ed in Ln 12		3,487,665	
14	Plus: Allowed Hedge Recovery from Ln 30 below			1,995,662	
15	5 Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,931,051	
16	6 Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,213,182	
17	-				
18	11,267				
18 Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c) 11,267 19 Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18) 112,399,028					
20	Average Cost of Debt for 2014 (Ln 19/Ln 10)			5.73%	
21	Financial Hedge Amortization Reported in Column (i) on F	Page 256-257			
	2 SUN Series I 3.55% Financial Hedge (p257.1/Ln8)			2,212,653	
23	SUN Series 5.55% Financial Hedge (p257/Ln23)			1,275,012	
24	1				
25	5				
26	S Total Hedge Amortization		_	3,487,665	
27	7 Total Average Capital Balance for 2013 (Actual TCOS, Lr	า 137)		3,991,324,116	
	3 Financial Hedge Recovery Limit - Five Basis Points of To	otal Capital		0.0005	
	Expense Amount (Gain)/Expense Amount			1,995,662	
30	Recoverable Hedge Amortization			1,995,662	
	(lesser of 5 basis point Cap or Actual (Gain)/Expense bas	sed on magnitude as indicat	ed on Ln 26 or Ln 29	9)	

Development of Cost of Preferred Stock

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