

AEP Transmission Formula Rate Template  
Utilizing FERC Form 1 Data  
For rates effective July 1, 2015**SPP Zone 1 Projected AEP Revenue Requirements**

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Revenue Requirement
<b>A. AEP Network Integration Transmission Service (NITS)</b>					
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Line 1 )	234,931,429	\$91,879,619	\$143,051,810
2	LESS: REVENUE CREDITS	(TCOS Line 5 )	13,533,729	\$5,744,336	\$7,789,393
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6 )	\$221,397,700	\$86,135,283 38.905%	\$135,262,417 61.095%
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7 )	65,220,890	7,800,751	57,420,139
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
8	SUBTOTAL		65,220,890	7,800,751	57,420,139
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	156,176,810	78,334,532	77,842,278
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(TCOS Line 15 )	-	-	-
11	<b>EXISTING ZONAL ATRR FOR SPP OATT ATTACHMENT H, SEC. 1, COL. 3</b>	(Ln 9 + Ln 10)	\$156,176,810	<b>\$78,334,532</b>	<b>\$77,842,278</b>
12	2014 Historic AEP West Zone 1 SPP Average 12-Mo. Peak Demand, MW	(Load WS, In 18)	8,307	8,307	8,307
13	<b>AEP Monthly NITS Rate in \$/MW - Month</b>	(Line 11 / Line 12) / 12	\$1,566.72	<b>\$785.83</b>	<b>\$780.89</b>
<b>B. Point-to-Point Service</b>					
14	Annual Point-to-Point Rate in \$/MW - Year	(Line 11 / Line 12)	\$18,800.63	<b>\$9,429.94</b>	<b>\$9,370.68</b>
15	Monthly Point-to-Point Rate in \$/MW - Month	(Line 14 / 12)	\$1,566.72	<b>\$785.83</b>	<b>\$780.89</b>
16	Weekly Point-to-Point Rate in \$/MW - Weekly	(Line 14 / 52)	\$361.55	<b>\$181.35</b>	<b>\$180.21</b>
17	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 260)	\$72.31	<b>\$36.27</b>	<b>\$36.04</b>
18	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 365)	\$51.51	<b>\$25.84</b>	<b>\$25.67</b>
19	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 4160)	\$4.52	<b>\$2.27</b>	<b>\$2.25</b>
20	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 8760)	\$2.15	<b>\$1.08</b>	<b>\$1.07</b>

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**SPP SCHEDULE 1 AEP Revenue Requirements**

Line No.		AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
<b>A. Schedule 1 ARR For 2015 Projected Year</b>				
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)	\$28,904,629	\$14,236,814	\$14,667,815
2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)	\$20,783,306	\$10,374,593	\$10,408,713
3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)	\$1,997,673	\$990,860	\$1,006,813
4	Total 561 Internally Developed Costs (Line 1 - Line 2 - Line 3)	\$6,123,650	\$2,871,361	\$3,252,289
5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)	503,816	\$238,811	\$265,005
6	<b>PROJECTED ZONAL ARR FOR 2015</b> (Line 4 - Line 5)	\$5,619,834	\$2,632,550	\$2,987,284
			46.844%	53.156%
<b>B. Schedule 1 Projected 7/1/2015 Rate Calculations</b>				
7	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand (Load WS, ln 18)			8,307.00 MW
8	Annual Point-to-Point Rate in \$/MW - Year (Line 6 / Line 7)			\$676.52
9	Monthly Point-to-Point Rate (ln 8 / 12) \$/MW - Month (Line 8 / 12)			\$56.38
10	Weekly Point-to-Point Rate (ln 8 / 52) \$/MW - Weekly (Line 8 / 52)			\$13.01
11	Daily Off-Peak Point-to-Point Rate (ln 8 / 365) \$/MW - Day (Line 8 / 365)			\$1.85
12	Hourly Off-Peak Point-to-Point Rate (ln 8 / 8760) \$/MW - Hour (Line 8 / 8760)			\$0.08

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

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

<u>Line No.</u>			<b>AEP Annual Revenue Requirement</b>	<b>PSO Annual Revenue Requirement</b>	<b>SWEPCO Annual Revenue Requirement</b>
<b>A. Network Service</b>					
1	TRUE-UP YEAR 2014 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1 )	217,615,172	\$85,485,207	\$132,129,965
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5 )	13,533,729	\$5,744,336	\$7,789,393
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6 )	<u>\$204,081,444</u>	<u>\$79,740,872</u> 39.073%	<u>\$124,340,572</u> 60.927%
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7 )	50,439,765	6,334,727	44,105,038
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
8	SUBTOTAL		<u>50,439,765</u>	<u>6,334,727</u>	<u>44,105,038</u>
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	<u>153,641,679</u>	<u>73,406,145</u>	<u>80,235,534</u>
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15 )	-	-	-
<b>11</b>	<b>TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2014</b>	<b>(Line 9 + Line 10)</b>	<b>153,641,679</b>	<b>73,406,145</b>	<b>80,235,534</b>
12	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand, MW	(Load WS, In 18)	8,307	8,307	8,307
13	<b>Monthly NITS Rate in \$/MW - Month</b>	<b>(Line 11 / Line 12) /12</b>	<b>1,541.29</b>	<b>736.39</b>	<b>804.90</b>

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

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

**PUBLIC SERVICE COMPANY OF OKLAHOMA**

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(Q) = (G) + (P)	
			<b>Projected ARR For 2015 From WS-F</b>				<b>True-Up ARR CY2014 From Worksheet G (includes adjustment for SPP Collections)</b>										
							<b>Base ARR</b>					<b>Incentive ARR</b>					<b>Total ADJUSTED Revenue Requirement Effective 7/1/2015</b>
<b>Sheet Name</b>	<b>Owner</b>	<b>Project Description</b>	<b>Year in Service</b>	<b>Base ARR (WS-F)</b>	<b>Incentive</b>	<b>Total</b>	<b>TRUE-UP Adjustment (WS-G)</b>	<b>Projected ADJUSTED ARR from Prior Update</b>	<b>As Billed by SPP (for Prior Yr T-Service)</b>	<b>COLLECTION Adjustment</b>	<b>True-up</b>	<b>As Billed</b>	<b>Change</b>	<b>Interest</b>	<b>Total Adjustments (True-Up, Billing, &amp; Interest)</b>		
P.001	PSO	Riverside-Glenpool (81-523) Reconductor	2009	125,577	-	125,577	3,041	125,721	120,761	4,960	-	-	-	(328)	7,673	133,250	
P.002	PSO	Craig Jct. to Broken Bow Dam 138 Rebuild (7.7mi)	2009	652,426	-	652,426	21,221	658,871	632,879	25,993	-	-	-	(1,937)	45,277	697,703	
P.003	PSO	WFEC New 138 kV Ties: Sayre to Erick (WFEC) Line & Atoka and Tupelo station work	2009	1,604,760	-	1,604,760	(75,846)	1,732,009	1,663,681	68,328	-	-	-	309	(7,210)	1,597,550	
P.004	PSO	Cache-Snyder to Altus Jct. 138 kV line (w/2 ring bus stations)	2008	2,008,950	-	2,008,950	43,787	2,006,852	1,927,681	79,171	-	-	-	(5,045)	117,912	2,126,862	
P.005	PSO	Catoosa 138 kV Device (Cap. Bank)	2006	51,160	-	51,160	1,509	51,562	49,528	2,034	-	-	-	(145)	3,398	54,558	
P.006	PSO	Pryor Junction 138/69 Upgrade Transf	2008	208,303	-	208,303	5,878	209,504	201,239	8,265	-	-	-	(580)	13,563	221,866	
P.007	PSO	Elk City - Elk City 69 kV line (CT Upgrades)*	2007	11,516	-	11,516	301	11,560	11,103	456	-	-	-	(31)	726 *	12,243	
P.008	PSO	Weleetka & Okmulgee Wavetrap replacement 81-805*	2006	7,415	-	7,415	293	7,549	7,251	298	-	-	-	(24)	566 *	7,981	
P.009	PSO	Tulsa Southeast Upgrade (repl switches)*	2007	9,777	-	9,777	378	9,942	9,550	392	-	-	-	(32)	738 *	10,516	
P.010	PSO	Wavetrap Clinton City-Foss Tap 69kV Ckt 1*	2010	13,719	-	13,719	431	13,834	13,288	546	-	-	-	(40)	937	14,656	
P.011	PSO	Bartlesville SE to Coffeyville T Rebuild	2011	203,177	-	203,177	5,873	204,487	196,420	8,067	-	-	-	(572)	13,368	216,545	
P.012	PSO	Canadian River - McAlester City 138 kV Line Conversion	2012	494,191	-	494,191	22,592	573,020	550,414	22,606	-	-	-	(1,855)	43,343	537,535	
P.013	PSO	CoffeyvilleT to Dearing 138 kv Rebuild - 1.1 mi*	2010	3,266	-	3,266	91	3,280	3,151	129	-	-	-	(9)	212	3,478	
P.014	PSO	Ashdown West - Craig Junction	2013	769,045	-	769,045	(608,850)	(55,529)	(53,338)	(2,191)	-	-	-	25,073	(585,967)	183,078	
P.015	PSO	Locust Grove to Lone Star 115 kV Rebuild 2.1 miles	2014	348,592	-	348,592	(156,237)	347,643	333,928	13,715	-	-	-	5,848	(136,674)	211,918	
P.016	PSO	Cornville Station Conversion	2014	818,591	-	818,591	(378,599)	729,591	700,809	28,783	-	-	-	14,354	(335,462)	483,128	
P.017	PSO	Grady Customer Connection	2015	206,807	-	206,807	-	-	-	-	-	-	-	-	-	206,807	
P.018	PSO	Darlington-Red Rock 138 kV line	2014	263,478	-	263,478	-	-	-	-	-	-	-	-	-	263,478	
<b>PSO Total</b>				7,800,751	-	7,800,751	(1,114,136)	6,629,898	6,368,347	261,551	-	-	-	\$ 34,985	(817,600)	\$ 6,983,150	
*<\$100K investment																	
Informational ONLY																	
SWEPCO Total				57,420,139	-	57,420,139	(74,635)	41,648,935	40,005,878	1,643,057	-	-	-	243,575	1,811,998	59,232,137	
AEP TOTALS				65,220,890	-	65,220,890	(1,188,771)	48,278,833	46,374,225	1,904,608	-	-	-	278,560	994,398	66,215,287	



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

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

**SOUTHWESTERN ELECTRIC POWER COMPANY**

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(R) = (G) + (P)
<u>Projected ARR For 2015 From WS-F</u>							<u>True-Up ARR CY2014 From Worksheet G (includes adjustment for SPP Collections)</u>									
							<u>Base ARR</u>			<u>Incentive ARR</u>						<u>Total ADJUSTED Revenue Requirement Effective 7/1/2015</u>
<u>Sheet Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (Forecast, Billing, &amp; Interest)</u>	
S.001	SWE	Arsenal Hill Auto xfmr & AH to Water Works line	2009	2,408,255	-	2,408,255	50,576	2,396,004	2,301,482	94,523	-	-	-	22,534	167,632	2,575,887
S.002	SWE	SW Shreveport (sub work & tap)	2009	1,106,137	-	1,106,137	36,420	1,114,712	1,070,737	43,976	-	-	-	12,485	92,881	1,199,018
S.003	SWE	[NW Ark Area Improve - 2009] E. Centerton-Flint Crk, E Rogers-N Rogers, Centerton	2009	1,869,264	-	1,869,264	20,864	1,841,405	1,768,761	72,644	-	-	-	14,522	108,029	1,977,293
S.004	SWE	Rebuild N. Magazine - Danville 161 kV Line	2009	1,569,392	-	1,569,392	21,408	1,549,969	1,488,823	61,147	-	-	-	12,821	95,375	1,664,768
S.005	SWE	[Greenwood, AR Area Improve] N Huntington, Greenwood, Reeves, Bonanza	2009	406,320	-	406,320	8,491	404,210	388,264	15,946	-	-	-	3,795	28,232	434,552
S.006	SWE	Port Robson-Caplis Line (SW 138 kV Loop -- 2009)	2009	5,174,070	-	5,174,070	160,943	5,531,592	5,313,370	218,222	-	-	-	58,884	438,050	5,612,120
S.007	SWE	Linwood 138 Station Switch Replacement*	2009	10,445	-	10,445	242	10,419	10,008	411	-	-	-	101	754	11,199
S.008	SWE	Dyess to S. Fayetteville 69 kV Convert to 161 kV (multi-projects)	2008	1,274,737	-	1,274,737	37,095	1,279,326	1,228,856	50,470	-	-	-	13,599	101,164	1,375,901
S.009	SWE	Northwest Texarkana-Bann-Alumax Tap 138kV -- reconductor	2008	377,138	-	377,138	4,236	371,582	356,923	14,659	-	-	-	2,934	21,830	398,968
S.010	SWE	Tontitown - Elm Springs REC 161 kV line***	2008	-	-	-	-	-	-	-	-	-	-	-	-	-
S.011	SWE	Siloam Springs - Chamber Springs 161 kV line***	2007	-	-	-	-	-	-	-	-	-	-	-	-	-
S.012	SWE	Knox Lee - Oak Hill #2 138 kV line, S. Shreveport (SWE Minor Proj II)	2007	24,639	-	24,639	133	24,135	23,183	952	-	-	-	169	1,254	25,894
S.013	SWE	Carthage REC - Carthage T 138 kV	2006	753,613	-	753,613	313,575	482,849	463,801	19,048	-	-	-	51,656	384,279	1,137,892
S.014	SWE	NW Henderson - Oak Hill 138 kV line*	2007	10,760	-	10,760	224	10,709	10,287	422	-	-	-	100	746	11,506
S.015	SWE	Arsenal Hill 138kV Device (Cap. Bank)	2007	47,620	-	47,620	628	47,065	45,208	1,857	-	-	-	386	2,870	50,490
S.016	SWE	Daingerfield - Jenkins REC 69 kV CB Repl**	2008	52,258	-	52,258	1,831	52,742	50,662	2,081	-	-	-	607	4,519	56,777
S.017	SWE	Linwood-McWillie 138 kV Rebuild	2008	258,805	-	258,805	3,303	255,506	245,426	10,080	-	-	-	2,078	15,461	274,266
S.018	SWE	Port Robson (SW 138 kV Loop -- 2008)	2009	-	-	-	-	-	-	-	-	-	-	-	-	-
S.019	SWE	Wallace Lake-Prt Robson-Red Point 138 kV Loop	2008	594,766	-	594,766	6,943	586,531	563,392	23,139	-	-	-	4,672	34,753	629,519
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	225,600	-	225,600	6,367	224,983	216,107	8,876	-	-	-	2,367	17,610	243,210
S.022	SWE	Longwood: r&r switches, upgrade bus	2010	28,419	-	28,419	545	28,230	27,116	1,114	-	-	-	258	1,916	30,335
S.023	SWE	Reconductor: Greggton-Lake Lamond & Quitman-Westwood 69 kV lines	2010	661,777	-	661,777	13,171	657,690	631,744	25,946	-	-	-	6,075	45,192	706,968
S.024	SWE	Rebuild/reconductor Dyess-Elm Springs REC [Dyess Station-Flint Creek]	2010	724,352	-	724,352	14,732	720,220	691,807	28,413	-	-	-	6,700	49,845	774,197
S.025	SWE	Replace switch at Diana*	2010	12,416	-	12,416	232	12,321	11,835	486	-	-	-	112	830	13,246
S.026	SWE	Whitney repl CB and Switches	2011	35,620	-	35,620	234	34,835	33,460	1,374	-	-	-	250	1,858	37,478
S.027	SWE	Linwood - Powell Street 138 kV	2012	60,827	-	60,827	(206)	62,550	60,083	2,468	-	-	-	351	2,613	63,440
S.028	SWE	Bloomburg-Texarkana Plant	2012	760,640	-	760,640	14,428	767,806	737,516	30,290	-	-	-	6,945	51,662	812,303
S.029	SWE	Knox Lee - Pirkey 138 kV / Pirkey - Whitney 138 kV - Replace Breaker, Wavetraps, and reset relays and CT's	2012	274,941	-	274,941	4,876	274,008	263,198	10,810	-	-	-	2,436	18,122	293,063
S.030	SWE	NW Texarkana - Turk 345	2012	6,916,151	-	6,916,151	160,268	6,955,411	6,681,019	274,392	-	-	-	67,502	502,162	7,418,314
S.031	SWE	Lone Star South - Pittsburg 138 kV - Replace Wavetraps, reset CT's and Relays	2012	33,269	-	33,269	679	33,748	32,417	1,331	-	-	-	312	2,322	35,591
S.032	SWE	Howell-Kilgore 69 kV rebuild	2012	603,724	-	603,724	13,234	594,757	571,294	23,463	-	-	-	5,699	42,397	646,121
S.033	SWE	Flint Creek-Shipe Road 345 kV Line	2012	8,614,889	-	8,614,889	557,937	7,911,490	7,599,381	312,110	-	-	-	135,118	1,005,165	9,620,054
S.034	SWE	Bann - LS Ordnance - Hooks 69 kV - Rebuild 7.1 mi	2013	1,215,041	-	1,215,041	77,886	655,202	629,355	25,848	-	-	-	16,110	119,844	1,334,885
S.035	SWE	Diana - Replace North Autotransformer #3	2013	570,069	-	570,069	84,572	340,917	327,468	13,449	-	-	-	15,223	113,243	683,312
S.036	SWE	Osburn 161 kV Line Work	2013	350,769	-	350,769	254,323	261,887	251,556	10,331	-	-	-	41,101	305,756	656,525

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

**SOUTHWESTERN ELECTRIC POWER COMPANY**

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

(A)	(B)	(C)	(D)	(E)	(F)	(G) = (E) + (F)	(H)	(I)	(J)	(K) = (I) - (J)	(L)	(M)	(N) = (L)-(M)	(O)	(P) = (H)+(K)+(N)+(O)	(R) = (G) + (P)	
				<u>Projected ARR For 2015 From WS-F</u>			<u>True-Up ARR CY2014 From Worksheet G (includes adjustment for SPP Collections)</u>										
							<u>Base ARR</u>					<u>Incentive ARR</u>					
<u>Sheet Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (Forecast, Billing, &amp; Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2015</u>	
S.037	SWE	SW Shreveport to Spring Ridge REC 138 kV Line Rebuild	2013	685,245	-	685,245	74,825	391,098	375,669	15,429	-	-	-	14,016	104,270 *	789,516	
S.038	SWE	Eastex Switching Station - Whitney 138 kV Station - Rebuild 2.5 miles of 138 Kv	2013	449,008	-	449,008	(54,314)	184,296	177,026	7,271	-	-	-	(7,306)	(54,349) *	394,658	
S.039	SWE	Ashdown West - Craig Junction 138KV Rebuild (tie w/PSO)	2013	632,883	-	632,883	11,177	1,050,269	1,008,836	41,433	-	-	-	8,170	60,781 *	693,664	
S.040	SWE	Rock Hill to Carthage 69 kV Rebuild 11.4 Miles	2014	1,437,075	-	1,437,075	(622,039)	1,419,562	1,363,560	56,002	-	-	-	(87,905)	(653,943) *	783,133	
S.041	SWE	Broadmoor to Fern Street 69 kV Rebuild 1 mile	2014	605,746	-	605,746	(201,177)	518,947	498,474	20,473	-	-	-	(28,063)	(208,768) *	396,978	
S.042	SWE	Northwest Henderson to Poynter 69 kV Rebuild 3.2 miles	2014	697,566	-	697,566	(238,196)	656,346	630,453	25,893	-	-	-	(32,971)	(245,273) *	452,293	
S.043	SWE	Diana to Perdue 138 kV Rebuild 21.8 miles; Station Upgrades at Diana and Perdue	2014	2,198,302	-	2,198,302	(915,099)	1,933,605	1,857,324	76,281	-	-	-	(130,268)	(969,086) *	1,229,216	
S.044	SWE	Pittsburg-Winnsboro-North Mineola	2007	3,788,800	-	3,788,800	-	-	-	-	-	-	-	-	- *	3,788,800	
S.045	SWE	CHAMBER SPRINGS - TONTITOWN 161KV CKT 1	2007	340,483	-	340,483	-	-	-	-	-	-	-	-	- *	340,483	
S.046	SWE	CHAMBER SPRINGS - TONTITOWN 345KV CKT 1	2008	2,149,751	-	2,149,751	-	-	-	-	-	-	-	-	- *	2,149,751	
S.047	SWE	FULTON - HOPE 115KV CKT 1	2012	113,056	-	113,056	-	-	-	-	-	-	-	-	- *	113,056	
S.048	SWE	MINEOLA - NORTH MINEOLA 69KV CKT 1	2010	22,038	-	22,038	-	-	-	-	-	-	-	-	- *	22,038	
S.049	SWE	SUGAR HILL 138/69KV TRANSFORMER CKT 1	2011	3,307	-	3,307	-	-	-	-	-	-	-	-	- *	3,307	
S.050	SWE	Dekalb-New Boston 69 kV	2015	2,201,646	-	2,201,646	-	-	-	-	-	-	-	-	- *	2,201,646	
S.051	SWE	Hardy Street-Waterworks 69 kV	2015	684,865	-	684,865	-	-	-	-	-	-	-	-	- *	684,865	
S.052	SWE	Red Oak (State Line)-North Huntington 69 kV	2015	1,747,112	-	1,747,112	-	-	-	-	-	-	-	-	- *	1,747,112	
S.053	SWE	Mt. Pleasant - West Mt. Pleasant 69 kV Ckt 1)	2015	787,223	-	787,223	-	-	-	-	-	-	-	-	- *	787,223	
S.054	SWE	Benteler - Port Robson 138 kV Ckt 1 and 2	2015	1,849,307	-	1,849,307	-	-	-	-	-	-	-	-	- *	1,849,307	
<b>SWEPCO Total</b>				<b>57,420,139</b>	<b>-</b>	<b>57,420,139</b>	<b>(74,635)</b>	<b>41,648,935</b>	<b>40,005,878</b>	<b>1,643,057</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,575</b>	<b>1,811,998</b>	<b>\$ 59,232,137</b>	
* <\$100K investment, **AI xfer, ***Non-BPU (to be removed from list in future).																	
Informational ONLY																	
PSO Total				7,800,751	-	7,800,751	(1,114,136)	6,629,898	6,368,347	261,551	-	-	-	34,985	(817,600)	6,983,150	
<b>AEP TOTALS</b>				<b>65,220,890</b>	<b>-</b>	<b>65,220,890</b>	<b># (1,188,771)</b>	<b>48,278,833</b>	<b>46,374,225</b>	<b>1,904,608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>278,560</b>	<b>994,398</b>	<b>66,215,287</b>	

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

**Historical Combined Load Worksheet (SPP Zone - 1)**

Line No.	Peak Day Peak Hour	1/7/2014 0800	2/6/2014 0800	3/3/2014 0900	4/23/2014 1700	5/22/2014 1700	6/30/2014 1600	7/7/2014 1700	8/25/2014 1600	9/4/2014 1700	10/1/2014 1600	11/18/2014 0800	12/10/2014 1000	12 Month Average MW	LRS
<b>SPP Load Responsibility</b>															
1	PSO (2)	2,868	3,033	2,881	2,430	3,131	3,668	3,942	4,069	3,796	3,321	2,658	2,678	3,206.3	38.6%
2	SWEPCO (2)	3,425	3,203	3,160	2,517	2,881	3,352	3,391	3,632	3,469	3,037	2,954	2,637	3,138.2	37.8%
3	AECC (3)	469	475	429	264	485	481	511	565	533	401	520	396	460.8	5.5%
4	AECC-MISO	336	336	315	144	94	207	213	245	220	182	195	209	224.7	2.7%
5	WFEC (3)	35	38	37	23	26	31	32	32	32	26	30	29	30.9	0.37%
6	OMPA (3)	91	99	94	84	109	137	145	153	142	125	84	87	112.5	1.4%
7	OG&E (3)	20	18	20	22	21	14	16	17	17	19	18	22	18.7	0.23%
8	NTEC (3)	896	773	732	381	472	586	613	620	612	503	721	630	628.3	7.6%
9	ETEC (3)	114	103	109	46	58	74	78	79	78	66	91	79	81.3	1.0%
10	TEXLA (3)	134	111	111	66	78	96	97	101	98	80	57	98	93.9	1.1%
11	Greenbelt (3)	7	9	7	6	10	6	11	14	13	5	7	8	8.6	0.10%
12	Lighthouse (3)	2	2	2	1	3	2	2	2	2	1	1	2	1.8	0.02%
13	Bentonville, AR (3)	102	107	96	84	110	128	124	149	138	110	98	85	110.9	1.3%
14	Prescott, AR (Entergy) (3)	12	12	13	9	11	14	9	15	15	12	13	6	11.8	0.14%
15	Minden, LA (Entergy) (3)	19	23	22	22	27	35	34	40	37	29	22	21	27.6	0.33%
16	Hope, AR (3)	49	46	45	39	47	55	53	58	56	47	43	37	47.9	0.58%
17	Coffeyville, KS (3)	112	114	110	108	116	104	102	64	120	82	105	98	102.9	1.2%
<b>18 Zone 1 - System Firm Peak Demands</b>		<b>8,691</b>	<b>8,502</b>	<b>8,183</b>	<b>6,246</b>	<b>7,679</b>	<b>8,990</b>	<b>9,373</b>	<b>9,855</b>	<b>9,378</b>	<b>8,046</b>	<b>7,617</b>	<b>7,122</b>	<b>8,307</b>	
<b>Supporting Data</b>															
19	PSO: PSO Native Load (2)	2,828	2,982	2,835	2,417	3,109	3,632	3,906	4,030	3,762	3,300	2,624	2,652		
20	KAMO	36	40	37	18	29	37	39	40	38	27	34	33		
21	GRDA load on PSO	15	16	15	5	7	10	11	11	11	8	12	11		
	WFEC load on PSO	-6	0	0	-6	-6	-6	-6	-6	-6	-6	-6	-6		
22	Allen Holdenville	-5	-5	-6	-4	-8	-5	-8	-6	-9	-8	-6	-12		
23	<b>PSO Load Responsibility</b>	<b>2868</b>	<b>3033</b>	<b>2881</b>	<b>2430</b>	<b>3131</b>	<b>3668</b>	<b>3942</b>	<b>4069</b>	<b>3796</b>	<b>3321</b>	<b>2658</b>	<b>2678</b>		
24	SWEPCO: SWEPCO Native Load (2) (5)	3,594	3,344	3,288	2,590	2,970	3,468	3,507	3,752	3,585	3,130	3,087	2,754		
25	Dolet Hills Aux. Load (4)	2	1	1	1	3	0	0	0	0	0	0	0		
26	VEMCO (on Entergy/CLECO)	-181	-152	-139	-84	-102	-126	-126	-130	-126	-103	-143	-127		
27	VEMCO (SPA Hydro Replacement) (6)	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5		
28	<b>SWEPCO Load Responsibility</b>	<b>3425</b>	<b>3203</b>	<b>3160</b>	<b>2517</b>	<b>2881</b>	<b>3352</b>	<b>3391</b>	<b>3632</b>	<b>3469</b>	<b>3037</b>	<b>2954</b>	<b>2637</b>		

**Notes:**

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

AEP West SPP Member Companies  
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Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 120)				\$91,879,619
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,629,144	DA	1.00000	\$ 5,629,144
4	Assoc. Business Development	(Worksheet H)	115,192	DA	1.00000	\$ 115,192
5	Total Revenue Credits		5,744,336			\$ 5,744,336
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				\$86,135,283

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

7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		7,800,751	DA	1.00000	\$ 7,800,751
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%				16.18%
10	Monthly Rate	(In 9 / 12)				1.35%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				13.79%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				5.03%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-



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	(1)	(2)	(3)	(4)	(5)
Line No.	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	1,437,208,612	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(27,385,625)	NA	0.00000
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	788,910,811	DA	
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.93428
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		29,763,162	DA	1.00000
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.93428
22	Distribution	(Worksheet A In 5.C)	2,079,984,442	NA	0.00000
23	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000
24	General Plant	(Worksheet A In 7.C)	164,272,763	W/S	0.09193
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(553,653)	W/S	0.09193
26	Intangible Plant	(Worksheet A In 9.C)	50,053,125	W/S	0.09193
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	4,522,253,637		
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	743,746,919	NA	0.00000
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,719,001)	NA	0.00000
31	Transmission	(Worksheet A In 14.C & 28.C)	202,258,878	TP1=	0.90792
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.90792
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		310,711	DA	1.00000
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
35	Plus: Additional Transmission Depreciation for 2015 (In 95)		14,567,014	TP1	0.90792
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		12,992,249	W/S	0.09193
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
38	Distribution	(Worksheet A In 16.C)	522,654,092	NA	0.00000
39	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA	0.00000
40	General Plant	(Worksheet A In 18.C)	78,820,037	W/S	0.09193
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(370,722)	W/S	0.09193
42	Intangible Plant	(Worksheet A In 20.C)	32,210,468	W/S	0.09193
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	1,603,470,645		
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	669,795,069		
46	Transmission	(In 18 + In 19 - In 31 - In 32)	586,651,933		
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		29,452,451		
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		
49	Plus: Additional Transmission Depreciation for 2015 (-In 35)		(14,567,014)		
50	Plus: Additional General & Intangible Depreciation for 2015 (-In 36)		(12,992,249)		
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		
52	Distribution	(In 22 + In 23 - In 38 - In 39)	1,557,330,350		
53	General Plant	(In 24 + In 25 - In 40 - In 41)	85,269,795		
54	Intangible Plant	(In 26 - In 42)	17,842,657		
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	2,918,782,992		
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	
58	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(800,720,606)	DA	
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & In 12.J)	(197,207,676)	DA	
60	Account No. 190.1	(Worksheet C, In 19.C & In 21.J)	95,918,669	DA	
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & In 30.J)	(109,603)	DA	
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(902,119,217)		
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	236,021	DA	
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	1,942,389		
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	876,948	TP	0.93428
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	280,289	W/S	0.09193
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.16799
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	95,494,689	W/S	0.09193
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	3,433,859	GP(h)	0.16799
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(93,342,414)	NA	0.00000
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	8,685,760		
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(1,090,569)	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		2,024,494,988		

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Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
76	OPERATION & MAINTENANCE EXPENSE				
76	Transmission	321,112.b	95,265,637		
77	Less: Total Account 561	(Note I) 321.84-92.b	14,236,814		
78	Less: Account 565	(Note J) 321.96.b	65,489,711		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	15,539,112	TP 0.93428	14,517,918
81	Administrative and General	323.197.b (Note K)	58,605,054		
82	Less: Acct. 924, Property Insurance	323.185.b	1,903,367		
83	Acct. 928, Reg. Com. Exp.	323.189.b	2,002,450		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	254,747		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,801,573		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	51,642,917	W/S 0.09193	4,747,526
87	Plus: Acct. 924, Property Insurance	(In 82)	1,903,367	GP(h) 0.16799	319,753
88	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	179,952	TP 0.93428	168,126
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34.(E) (Note L)	-	TP 0.93428	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43.(E) (Note L)	423,325	DA 1.00000	423,325
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(10,739,387)	W/S 0.09193	(987,270)
92	A & G Subtotal	(sum Ins 86 to 90 less In 91)	64,888,948		6,646,000
93	TOTAL O & M EXPENSE	(In 80 + In 92)	80,428,060		21,163,918
94	DEPRECIATION AND AMORTIZATION EXPENSE				
95	Transmission	336.7.f	14,567,014	TP 0.93428	13,609,704
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		310,711	DA 1.00000	310,711
97	General	336.10.f	4,579,653	W/S 0.09193	421,007
98	Intangible	336.1.f	8,412,596	W/S 0.09193	773,369
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	27,869,974		15,114,790
100	TAXES OTHER THAN INCOME	(Note N)			
101	Labor Related				
102	Payroll	Worksheet L, Col. D	4,828,983	W/S 0.09193	443,928
103	Plant Related				
104	Property	Worksheet L, Col. C	31,955,386	GP(h) 0.16799	5,368,298
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	(7,345)	NA 0.00000	-
106	Other	Worksheet L, Col. E	185,289	GP(h) 0.16799	31,127
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	36,962,313		5,843,353
108	INCOME TAXES	(Note O)			
109	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.56%		
110	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.68%		
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)		1.6277		
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(852,136)		
115	Income Tax Calculation	(In 110 * In 118)	70,452,572		14,945,325
116	ITC adjustment	(In 113 * In 114)	(1,387,040)	NP(h) 0.19230	(266,733)
117	TOTAL INCOME TAXES	(sum Ins 115 to 116)	69,065,533		14,678,592
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	165,089,131		35,020,875
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		58,090	DA 1.00000	58,090
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		379,473,101		91,879,619
121	(sum Ins 93, 99, 107, 117, 118, 119)				
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		379,473,101		91,879,619

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**SUPPORTING CALCULATIONS**

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
124	Total transmission plant	(In 18, 19, 20, 21)							818,673,973
125	Less transmission plant excluded from SPP Tariff (Note Q)								35,920,833
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)								17,880,512
127	Transmission plant included in SPP Tariff	(In 124 - In 125 - In 126)							764,872,628
128	Percent of transmission plant in SPP Tariff	(In 127 / In 124)						<b>TP=</b>	<b>0.93428</b>
129	WAGES & SALARY ALLOCATOR (W/S)	(Note S)							
130	Production	354.20.b	25,902,570	10,856,326	36,758,896	NA	0.00000		-
131	Transmission	354.21.b	3,483,047	4,297,839	7,780,886	TP	0.93428		7,269,544
132	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-
133	Distribution	354.23.b	18,988,198	1,871,579	20,859,777	NA	0.00000		-
134	Other (Excludes A&G)	354.24,25,26.b	7,290,088	6,387,429	13,677,517	NA	0.00000		-
135	Total	(sum Ins 130 to 134)	55,663,903	23,413,173	79,077,076				7,269,544
136	Transmission related amount							<b>W/S=</b>	<b>0.09193</b>
137	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
138									53,970,126
139									-
140	Development of Common Stock:								
141									1,028,214,326
142									-
143									-
144									4,942,636
145									1,023,271,690
146			\$						
147	Long Term Debt (Worksheet M, In. 17, col. (B))		1,043,989,728	50.50%	0.00%		0.0517		0.0261
148	Preferred Stock (Worksheet M, In. 21, col. (B))		-	0.00%	0.00%		-		0.0000
149	Common Stock (In 145) (Note U)		1,023,271,690	49.50%	0.00%		11.2%		0.0554
150	Total (sum Ins 147 to 149)		2,067,261,418					<b>WACC=</b>	<b>0.0815</b>
151	Capital Structure Equity Limit (Note U)		52.5%						

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Letter

Notes

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

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

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

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Line No.			Total	Allocator	Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(ln 271)			\$89,718,838
153	REVENUE CREDITS	(Note A)			
154	Transmission Credits	(Worksheet H)	5,629,144	DA 1.00000	\$ 5,629,144
155	Assoc. Business Development	(Worksheet H)	115,192	DA 1.00000	\$ 115,192
156	Total Revenue Credits		5,744,336		\$ 5,744,336
157	REVENUE REQUIREMENT For All Company Facilities	(ln 152 less ln 156)			\$ 83,974,502

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

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		7,800,751	DA 1.00000	\$ 7,800,751
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)				
160	Annual Rate	(ln 152/ ln 197 x 100%)			16.27%
161	Monthly Rate	(ln 160 / 12)			1.36%
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%)			13.81%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)				
165	Annual Rate	(( ln 152 - ln 246 - ln 268 - ln 269) / ln 197 x 100%)			5.11%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)				-



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	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
167	Production	(Worksheet A In 1.C)	1,437,208,612	NA 0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(27,385,625)	NA 0.00000	-
169	Transmission	(Worksheet A In 3.C & Ln 278)	788,910,811	DA	735,109,466
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.93180	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	2,079,984,442	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)	164,272,763	W/S 0.09169	15,061,496
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(553,653)	W/S 0.09169	(50,762)
177	Intangible Plant	(Worksheet A In 9.C)	50,053,125	W/S 0.09169	4,589,166
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	4,492,490,475	<b>GP(h)= 0.167994</b> <b>GTD= 0.27499</b>	754,709,366
179	ACCUMULATED DEPRECIATION AND AMORTIZATION				
180	Production	(Worksheet A In 12.C)	743,746,919	NA 0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(3,719,001)	NA 0.00000	-
182	Transmission	(Worksheet A In 14.C & 28.C)	202,258,878.000	<b>TP1=</b> 0.90792	183,634,952.980
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	<b>TP1=</b> 0.90792	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2015 (In 246)		N/A	TP1 0.90792	N/A
187	Plus: Additional General & Intangible Depreciation for 2015 (In 248+In 249)		N/A	W/S 0.09169	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)	522,654,092	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)	78,820,037	W/S 0.09169	7,226,686
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(370,722)	W/S 0.09169	(33,990)
193	Intangible Plant	(Worksheet A In 20.C)	32,210,468	W/S 0.09169	2,953,246
194	TOTAL ACCUMULATED DEPRECIATION	(sum lns 180 to 193)	1,575,600,671		193,780,895
195	NET PLANT IN SERVICE				
196	Production	(In 167 + In 168 - In 180 - In 181)	669,795,069		-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	586,651,933		551,474,513.020
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 2015 (-In 186)		N/A		N/A
201	Plus: Additional General & Intangible Depreciation for 2015 (-In 187)		N/A		N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 188)		N/A		N/A
203	Distribution	(In 173 + In 174 - In 189 - In 190)	1,557,330,350		-
204	General Plant	(In 175 + In 176 - In 191 - In 192)	85,269,795		7,818,038
205	Intangible Plant	(In 177 - In 193)	17,842,657		1,635,920
206	TOTAL NET PLANT IN SERVICE	(sum lns 196 to 205)	2,916,889,804	<b>NP(h)= 0.192304</b>	560,928,471
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)	(800,720,606)	DA	(136,895,191)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(197,207,676)	DA	(29,401,964)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	95,918,669	DA	8,867,088
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	(109,603)	DA	(18,413)
213	TOTAL ADJUSTMENTS	(sum lns 208 to 212)	(902,119,217)		(157,448,479)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	236,021	DA	-
215	WORKING CAPITAL	(Note F)			
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,942,389		1,809,924
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	876,948	TP 0.93180	817,143
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	280,289	W/S 0.09169	25,699
219	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.16799	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	95,494,689	W/S 0.09169	8,755,517
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	3,433,859	GP(h) 0.16799	576,866
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(93,342,414)	NA 0.00000	-
224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	8,685,760		11,985,148
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(1,090,569)	DA 1.00000	(1,090,569)
226	RATE BASE (sum lns 206, 213, 214, 224, 225)		2,022,601,800		414,374,571

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Line No.	(1) <b>EXPENSE, TAXES, RETURN &amp; REVENUE REQUIREMENTS CALCULATION</b>	(2) <b>Data Sources (See "General Notes")</b>	(3) <b>TO Total</b>	(4) <b>Allocator</b>	(5) <b>Total Transmission</b>
	<b>OPERATION &amp; MAINTENANCE EXPENSE</b>				
227	Transmission	321.112.b	95,265,637		
228	Less: Total Account 561	(Note I) 321.84-92.b	14,236,814		
229	Less: Account 565	(Note J) 321.96.b	65,489,711		
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		-		
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	15,539,112	TP 0.93180	14,479,391
232	Administrative and General	323.197.b (Note K)	58,605,054		
233	Less: Acct. 924, Property Insurance	323.185.b	1,903,367		
234	Acct. 928, Reg. Com. Exp.	323.189.b	2,002,450		
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	254,747		
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,801,573		
237	Balance of A & G	(In 232 - sum In 233 to In 236)	51,642,917	W/S 0.09169	4,734,927
238	Plus: Acct. 924, Property Insurance	(In 233)	1,903,367	GP(h) 0.16799	319,753
239	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	179,952	TP 0.93180	167,680
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34.(E) (Note L)	-	TP 0.93180	-
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43.(E) (Note L)	423,325	DA 1.00000	423,325
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(10,739,387)	W/S 0.09169	(984,650)
243	A & G Subtotal	(sum Ins 237 to 241 less In 242)	64,888,948		6,630,336
244	TOTAL O & M EXPENSE	(In 231 + In 243)	80,428,060		21,109,727
245	<b>DEPRECIATION AND AMORTIZATION EXPENSE</b>				
246	Transmission	336.7.f	14,567,014	TP 0.93180	13,573,587
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
248	General	336.10.f	4,579,653	W/S 0.09169	419,890
249	Intangible	336.1.f	8,412,596	W/S 0.09169	771,316
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	27,559,263		14,764,794
251	<b>TAXES OTHER THAN INCOME</b>				
252	Labor Related	(Note N)			
253	Payroll	Worksheet L, Col. D	4,828,983	W/S 0.09169	442,750
254	Plant Related				
255	Property	Worksheet L, Col. C	31,955,386	GP(h) 0.16799	5,368,298
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	(7,345)	NA 0.00000	-
257	Other	Worksheet L, Col. E	185,289	GP(h) 0.16799	31,127
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	36,962,313		5,842,175
259	<b>INCOME TAXES</b>				
260	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		38.56%		
261	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.68%		
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)		1.6277		
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(852,136)		
266	Income Tax Calculation	(In 261 * In 269)	70,386,689		14,420,265
267	ITC adjustment	(In 264 * In 265)	(1,387,040)	NP(h) 0.19230	(266,733)
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	68,999,650		14,153,532
269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	164,934,749		33,790,520
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		58,090	DA 1.00000	58,090
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		378,942,125		89,718,838
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		378,942,125		89,718,838

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						788,910,811
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)							35,920,833
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							17,880,512
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						<u>735,109,466</u>
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					<b>TP=</b>	<b>0.93180</b>
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
281	Production	354.20.b	25,902,570	10,856,326	36,758,896	NA	0.00000	-
282	Transmission	354.21.b	3,483,047	4,297,839	7,780,886	TP	0.93180	7,250,253
283	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
284	Distribution	354.23.b	18,988,198	1,871,579	20,859,777	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	7,290,088	6,387,429	13,677,517	NA	0.00000	-
286	Total	(sum Ins 281 to 285)	55,663,903	23,413,173	79,077,076			<u>7,250,253</u>
287	Transmission related amount						<b>W/S=</b>	<b>0.09169</b>
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289		Long Term Interest (Worksheet M, In. 17, col. (D))						53,970,126
290		Preferred Stock Dividends (Worksheet M, In. 21, col. (D))						-
291	Development of Common Stock:							
292		Proprietary Capital (112.16.c)						1,028,214,326
293		Less Preferred Stock (In 299)						-
294		Less Account 216.1 (112.12.c)						-
295		Less Account 219.1 (112.15.c)						4,942,636
296		Common Stock (In 292 - In 293 - In 294 - In 295)						<u>1,023,271,690</u>
297			<b>Capital Structure Percentages</b>				Cost	
298	Long Term Debt (Worksheet M, In. 17, col. (B))	\$	Actual	Cap Limit			(Note T)	Weighted
299	Preferred Stock (Worksheet M, In. 21, col. (B))	1,043,989,728	50.50%	0.00%			0.0517	0.0261
300	Common Stock (In 296) (Note U)	-	0.00%	0.00%			-	0.0000
301	Total (sum Ins 298 to 300)	1,023,271,690	49.50%	0.00%			11.2%	0.0554
		<u>2,067,261,418</u>					<b>WACC=</b>	<b>0.0815</b>
302	Capital Structure Equity Limit (Note U)		52.5%					



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PUBLIC SERVICE COMPANY OF OKLAHOMA

**Letter**

**Notes**

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- |                  |       |        |   |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% |   |
|                  | SIT=  | 5.48%  | (State Income Tax Rate or Composite SIT. Worksheet K))        |
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AEP West SPP Member Companies  
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**PUBLIC SERVICE COMPANY OF OKLAHOMA**

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				\$85,485,207
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,629,144	DA	1.00000	\$ 5,629,144
4	Assoc. Business Development	(Worksheet H)	115,192	DA	1.00000	\$ 115,192
5	Total Revenue Credits		5,744,336			\$ 5,744,336
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				\$79,740,872
<b>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.</b>						
7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		6,334,727	DA	1.00000	\$ 6,334,727
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100%)				16.70%
10	Monthly Rate	(ln 9 / 12)				1.39%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	(( ln 1 - ln 83) / ln 39 x 100%)				14.06%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	(( ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100%)				5.48%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-



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	(1)	(2)	(3)	(4)	(5)
		<b>Data Sources</b> <b>(See "General Notes")</b>	<b>TO Total</b> <b>NOTE D</b>	<b>Allocator</b>	<b>Total</b> <b>Transmission</b>
Line No.	<b>RATE BASE CALCULATION</b>				
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	1,406,197,192	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(20,358,091)	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	760,111,468	DA	706,309,096
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.92922
20	Distribution	(Worksheet A In 5.E)	2,032,917,623	NA	0.00000
21	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	-	NA	0.00000
22	General Plant	(Worksheet A In 7.E)	155,031,972	W/S	0.09143
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(553,653)	W/S	0.09143
24	Intangible Plant	(Worksheet A In 9.E)	45,787,349	W/S	0.09143
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	4,379,133,859	<b>GP(TU)=</b>	<b>0.16547</b>
				<b>GTD=</b>	<b>0.27215</b>
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	737,470,018	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(3,427,650)	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	212,708,026	TP1=	0.91470
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.91470
31	Distribution	(Worksheet A In 16.E)	522,659,892	NA	0.00000
32	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA	0.00000
33	General Plant	(Worksheet A In 18.E)	80,190,630	W/S	0.09143
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(357,390)	W/S	0.09143
35	Intangible Plant	(Worksheet A In 20.E)	29,566,481	W/S	0.09143
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	1,578,810,007		204,566,510
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	651,796,733		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	547,403,443		511,745,169
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,510,257,731		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	74,645,079		6,824,913
42	Intangible Plant	(In 24 - In 35)	16,220,868		1,483,099
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	2,800,323,852	<b>NP(TU)=</b>	<b>0.18571</b>
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	(760,177,862)	DA	(128,574,999)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(198,348,049)	DA	(29,760,607)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	93,635,641	DA	8,455,065
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	(126,436)	DA	(20,921)
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(865,016,706)		(149,901,462)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	208,747	DA	-
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,942,389		1,804,902
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	664,950	TP	0.92922
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	259,103	W/S	0.09143
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.16547
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	98,019,016	W/S	0.09143
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	3,108,600	GP(TU)	0.16547
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(95,436,386)	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	8,557,673		11,922,887
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(2,053,875)	DA	1.00000
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		1,942,019,692		380,020,732

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PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
	<u>EXPENSE, TAXES, RETURN &amp; REVENUE REQUIREMENTS CALCULATION</u>	<u>Data Sources (See "General Notes")</u>	<u>TO Total</u>	<u>Allocator</u>	<u>Total Transmission</u>
Line No.	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	95,265,637		
65	Less: Total Account 561	(Note I) 321.84-92.b	14,236,814		
66	Less: Account 565	(Note J) 321.96.b	65,489,711		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	15,539,112	TP	0.92922
69	Administrative and General	323.197.b (Note K)	58,605,054		
70	Less: Acct. 924, Property Insurance	323.185.b	1,903,367		
71	Acct. 928, Reg. Com. Exp.	323.189.b	2,002,450		
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	254,747		
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,801,573		
74	Balance of A & G	(In 69 - sum In 70 to In 73)	51,642,917	W/S	0.09143
75	Plus: Acct. 924, Property Insurance	(In 70)	1,903,367	GP(TU)	0.16547
76	Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	179,952	TP	0.92922
77	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	-	GP(TU)	0.16547
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43.(E) (Note L)	423,325	DA	1.00000
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(10,739,387)	W/S	0.09143
80	A & G Subtotal	(sum Ins 74 to 78 less In 79)	64,888,948		
81	TOTAL O & M EXPENSE	(In 68 + In 80)	80,428,060		
82	DEPRECIATION AND AMORTIZATION EXPENSE				
83	Transmission	336.7.f	14,567,014	TP	0.92922
84	General	336.10.f	4,579,653	W/S	0.09143
85	Intangible	336.1.f	8,412,596	W/S	0.09143
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	27,559,263		
87	TAXES OTHER THAN INCOME	(Note N)			
88	Labor Related				
89	Payroll	Worksheet L, Col. D	4,828,983	W/S	0.09143
90	Plant Related				
91	Property	Worksheet L, Col. C	31,955,386	GP(TU)	0.16547
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	(7,345)	NA	0.00000
93	Other	Worksheet L, Col. E	185,289	GP(TU)	0.16547
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	36,962,313		
95	INCOME TAXES	(Note O)			
96	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.56%		
97	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		42.04%		
98	where WCLTD=(In 134) and WACC = (In 137)				
99	and FIT, SIT & p are as given in Note O.				
100	$GRCF=1 / (1 - T) =$ (from In 96)		1.6277		
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(852,136)		
102	Income Tax Calculation	(In 97 * In 105)	66,776,115		
103	ITC adjustment	(In 100 * In 101)	(1,387,040)	NP(TU)	0.18571
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	65,389,076		
105	RETURN ON RATE BASE (Rate Base*WACC)	(In 63 * In 137)	158,856,817		
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		58,090	DA	1.00000
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		369,253,619		
108	(sum Ins 81, 86, 94, 104, 105, 106)				
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		369,253,619		

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
111	Total transmission plant	(In 18)							760,111,468
112	Less transmission plant excluded from SPP Tariff	(Worksheet A, In 23a Col. (E)) (Note Q)							35,920,833
113	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (E)) (Note R)							17,881,539
114	Transmission plant included in SPP Tariff	(In 111 - In 112 - In 113)							<u>706,309,096</u>
115	Percent of transmission plant in SPP Tariff	(In 114 / In 111)						<b>TP=</b>	<b>0.92922</b>
116	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
117	Production	354.20.b		25,902,570	10,856,326	36,758,896	NA	0.00000	-
118	Transmission	354.21.b		3,483,047	4,297,839	7,780,886	TP	0.92922	7,230,138
119	Regional Market Expenses	354.22.b		0	0	-	NA	0.00000	-
120	Distribution	354.23.b		18,988,198	1,871,579	20,859,777	NA	0.00000	-
121	Other (Excludes A&G)		0	7,290,088	6,387,429	13,677,517	NA	0.00000	-
122	Total	(sum Ins 117 to 121)		<u>55,663,903</u>	<u>23,413,173</u>	<u>79,077,076</u>			<u>7,230,138</u>
123	Transmission related amount							<b>W/S=</b>	<b>0.09143</b>
124	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
125	Long Term Interest	Long Term Interest (Worksheet N, In. 19, col. (E))							<u>54,135,555</u>
126	Preferred Dividends	Preferred Stock Dividends (Worksheet N, In. 47, col. (E))							-
127	Development of Common Stock:							<u>Average</u>	
128	Proprietary Capital	(Worksheet N, In. 1, col. (E))							<u>985,157,431</u>
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))							<u>5,350,008</u>
132	Common Stock	(In 128 - In 129 - In 130 - In 131)							<u>979,807,423</u>
133		2014 Avg Balances			<u>Capital Structure Percentages</u>		Cost (Note S)		Weighted
134	Avg Long Term Debt (Worksheet N, In. 10, col. (E))	<u>1,023,547,015</u>		51.09%	0.00%		5.29%		0.0270
135	Avg Preferred Stock (Worksheet N, In. 46, col. (E))	-		0.00%	0.00%		0.00%		0.0000
136	Avg Common Stock (In 132) (Note U)	<u>979,807,423</u>		48.91%	0.00%		11.20%		0.0548
137	Total (sum Ins 134 to 136)	<u>2,003,354,438</u>					<b>WACC=</b>		<b>0.0818</b>
138	Capital Structure Equity Limit (Note U)	<u>52.5%</u>							

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PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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- |                  |       |   |
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 2015 Cost of Service Formula Rate  
**Worksheet A - Detail Plant Balances**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

<u>Line Number</u>	<u>(A) Rate Base Item &amp; Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2014</u>	<u>(D) Balances 12/31/2013</u>	<u>(E) Average Balance for 2014</u>
<b>NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.</b>					
<b>Plant Investment Balances</b>					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	1,437,208,612	1,375,185,772	1,406,197,192
2	Production Asset Retirement Obligation (ARO)	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	27,385,625	13,330,557	20,358,091
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	788,910,811	731,312,125	760,111,468
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	2,079,984,442	1,985,850,803	2,032,917,623
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	164,272,763	145,791,181	155,031,972
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	553,653	553,653	553,653
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	50,053,125	41,521,572	45,787,349
10	<b>Total Property Investment Balance</b>	(Sum of Lines: 1, 3, 5, 7, 9)	4,520,429,753	4,279,661,453	4,400,045,603
11	<b>Total ARO Balance (included in total on line 10)</b>	(Sum of Lines: 2, 4, 6, 8)	27,939,278	13,884,210	20,911,744
<b>Accumulated Depreciation &amp; Amortization Balances</b>					
12	Production Accumulated Depreciation	FF1, page 219, lns 20-24, Col. (b)	743,746,919	731,193,117	737,470,018
13	Production ARO Accumulated Depreciation	Company Records	3,719,001	3,136,299	3,427,650
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	202,258,878	223,157,173	212,708,026
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, ln 26, Col. (b)	522,654,092	522,665,692	522,659,892
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)	78,820,037	81,561,223	80,190,630
19	General ARO Accumulated Depreciation	Company Records	370,722	344,058	357,390
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)	32,210,468	26,922,494	29,566,481
21	<b>Total Accumulated Depreciation or Amortization</b>	(Sum of Lines: 12, 14, 16, 18, 20)	1,579,690,394	1,585,499,699	1,582,595,047
22	<b>Total ARO Balance (included in total on line 21)</b>	(Sum of Lines: 13, 15, 17, 19)	4,089,723	3,480,357	3,785,040
<b>Generation Step-Up Units</b>					
23	GSU Investment Amount	Company Records	17,880,512	17,882,566	17,881,539
24	GSU Accumulated Depreciation	Company Records	3,638,749	3,367,495	3,503,122
25	<b>GSU Net Balance</b>	(Line 23 - Line 24)	14,241,763	14,515,071	14,378,417
<b>Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)</b>					
23a	Excluded Facilities Investment Amount	Company Records	35,920,833	35,920,833	35,920,833
24a	Excluded Facilities Accumulated Depreciation	Company Records	14,985,176	14,296,778	14,640,977
25a	<b>Excluded Facilities Net Balance</b>	(Line 23a - Line 24a)	20,935,657	21,624,055	21,279,856
<b>Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation</b>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	202,258,878	223,157,173	212,708,026
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	18,623,925	17,664,273	18,144,099
28	<b>Subtotal of Transmission Accumulated Depreciation Net of GSU/Excluded Facilities</b>	(Line 26 - Line 27)	183,634,953	205,492,900	194,563,927
<b>Plant Held For Future Use</b>					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	236,021	181,474	208,747
30	Transmission Plant Held For Future	Company Records	-	-	-



AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate Projected on 2014 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 (2014) (P.206, In 58,(b)):	731,312,125
2	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	788,910,811
3		1,520,222,936
4	Average Balance of Transmission Investment	760,111,468
5	Annual Depreciation Expense, Historic TCOS, In 246	14,567,014
6	Composite Depreciation Rate	1.92%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 5,128,643	2.00%	\$ 102,573	\$ 8,548	11 \$	94,028
10	February	\$ 5,271,241	2.00%	\$ 105,425	\$ 8,785	10 \$	87,850
11	March	\$ 508,895	2.00%	\$ 10,178	\$ 848	9 \$	7,632
12	April	\$ 1,106,657	2.00%	\$ 22,133	\$ 1,844	8 \$	14,752
13	May	\$ 1,798,360	2.00%	\$ 35,967	\$ 2,997	7 \$	20,979
14	June	\$ 3,167,383	2.00%	\$ 63,348	\$ 5,279	6 \$	31,674
15	July	\$ 2,180,114	2.00%	\$ 43,602	\$ 3,634	5 \$	18,170
16	August	\$ 2,065,540	2.00%	\$ 41,311	\$ 3,443	4 \$	13,772
17	September	\$ 2,312,098	2.00%	\$ 46,242	\$ 3,853	3 \$	11,559
18	October	\$ 2,063,167	2.00%	\$ 41,263	\$ 3,439	2 \$	6,878
19	November	\$ 2,050,408	2.00%	\$ 41,008	\$ 3,417	1 \$	3,417
20	December	\$ 2,110,655	2.00%	\$ 42,213	\$ 3,518	0 \$	-
21	Investment	\$ 29,763,162				Depreciation Expense	\$ 310,711

**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  
 2015 Cost of Service Formula Rate  
**Worksheet C - ADIT Balances used in Projection & True-Up**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Rate base (E)+(F)+(G)+(H)
<b>Account 282 - Form-1 page 274-275, Ln 2 Col. (k)</b>									
<b>282 Balance to Use in Projection</b>									
1	282.1	2014 Year End Tax Deferrals - WS C-1	(800,720,606)	17,146,475	-	(811,299,020)	-	(6,568,061)	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.7994%	27.4988%	9.1686%	
3	282.1	Allocated Total		0	0	(136,292,992)	0	(602,199)	(136,895,191)
<b>282 Balance to Use in True-Up</b>									
4	282.1	2014 Year End Tax Deferrals - WS C-1	(800,720,606)	17,146,475	-	(811,299,020)	-	(6,568,061)	
5	282.1	2013 Year End Tax Deferrals - WS C-2	(719,635,118)	20,895,227	-	(737,379,340)	-	(3,151,004)	
6		Subtotal	(1,520,355,724)	38,041,702	-	(1,548,678,360)	-	(9,719,066)	
7		Average Balance	(760,177,862)	19,020,851	0	(774,339,180)	0	(4,859,533)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.5471%	27.2146%	9.1432%	
9		Allocated Total		0	0	(128,130,684)	0	(444,314)	(128,574,999)
<b>Account 283 - Form-1 page 276-277, Ln 9, Col (k)</b>									
<b>283 Balance to Use in Projection</b>									
10	283.1	2014 Year End Tax Deferrals - WS C-1	(197,207,676)	(8,695,658)	-	(156,368,818)	(1,014,363)	(31,128,836)	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.7994%	27.4988%	9.1686%	
12	283.1	Allocated Total		0	0	(26,268,951)	(278,937)	(2,854,075)	(29,401,964)
<b>283 Balance to Use in True-Up</b>									
13	283.1	2014 Year End Tax Deferrals - WS C-1	(197,207,676)	(8,695,658)	-	(156,368,818)	(1,014,363)	(31,128,836)	
14	283.1	2013 Year End Tax Deferrals - WS C-2	(199,488,422)	(4,330,576)	-	(159,343,710)	(4,887,215)	(30,926,922)	
15		Subtotal	(396,696,098)	(13,026,234)	-	(315,712,528)	(5,901,578)	(62,055,758)	
16		Average Balance	(198,348,049)	(6,513,117)	0	(157,856,264)	(2,950,789)	(31,027,879)	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.5471%	27.2146%	9.1432%	
18		Allocated Total		0	0	(26,120,635)	(803,045)	(2,836,926)	(29,760,607)
<b>Account 190 - Form-1 page 234, Ln 8, Col. ( c)</b>									
<b>190 Balance to Use in Projection</b>									
19	190.1	2014 Year End Tax Deferrals - Ws C-1	95,918,669	38,406,317	-	47,099,044	-	10,413,308	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.7994%	27.4988%	9.1686%	
21	190.1	Allocated Total		0	0	7,912,335	0	954,754	8,867,088
<b>190 Balance to Use in True-Up</b>									
22	190.1	2014 Year End Tax Deferrals - Ws C-1	95,918,669	38,406,317	-	47,099,044	-	10,413,308	
23	190.1	2013 Year End Tax Deferrals - Ws C-2	91,352,613	37,145,104	-	43,331,258	-	10,876,251	
24		Subtotal	187,271,281	75,551,421	-	90,430,301	-	21,289,559	
25		Average Balance	93,635,641	37,775,711	0	45,215,151	0	10,644,779	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.5471%	27.2146%	9.1432%	
27		Allocated Total		0	0	7,481,797	0	973,268	8,455,065
<b>Account 255 - Form-1 page 266-267</b>									
<b>255 Balance to Use in Projection</b>									
28	255.0	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	(109,603)			(109,603)			
29	255.0	Transmission Allocator from Historic TCOS [GP or W/S]				16.7994%			
30	255.0	Allocated Total		N/A	N/A	(18,413)	N/A	N/A	(18,413)
<b>255 Balance to Use in True-Up</b>									
31	255.0	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	(109,603)			(109,603)			
32	255.0	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 266, Ln 2.b)	(143,269)			(143,269)			
33		Subtotal	(252,872)			(252,872)			
34		Average Balance	(126,436)			(126,436)			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				16.5471%			
36		Allocated Total		N/A	N/A	(20,921)	N/A	N/A	(20,921)

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



Worksheet C-2 - ADIT & ITC Details

PUBLIC SERVICE COMPANY OF OKLAHOMA  
 DETAIL OF DEFERRED INCOME TAX BALANCES  
 AS OF DECEMBER 31, 2014

Account	Line #	Description	Balance	Allocation Basis	Exclusions	Allocation Method			Labor
						100% Transmission	PTD Plant	T&D	
2821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		
2821001	230A	ACRS BENEFIT NORMALIZED	(418,008,327)	PTD			(418,008,327)		
2821001	230G	ACRS-ACCURED BK REMOVAL COSTS	(16,947,671)	PTD			(16,947,671)		
2821001	230J	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,257,723)	PTD			(1,257,723)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	92,625	PTD			92,625		
2821001	230X	R & D DEDUCTION - SEC 174	(3,199,785)	PTD			(3,199,785)		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(7,196,299)	E	(7,196,299)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(16,439,634)	PTD			(16,439,634)		
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	3,128,710	PTD			3,128,710		
2821001	320A	ABFUDC	(6,908,733)	PTD			(6,908,733)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	11,798,702	PTD			11,798,702		
2821001	390A	CIAI - BOOK RECEIPTS	15,274,379	E	15,274,379				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(66,677)	PTD			(66,677)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(22,694,348)	PTD			(22,694,348)		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(38,777,608)	PTD			(38,777,608)		
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(22,290,407)	PTD			(22,290,407)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(14,072,724)	PTD			(14,072,724)		
2821001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD			(178,005)		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,996,441	E	10,996,441				
2821001	710H	AMORT ELEC PLT ACQ ADJS	51,037	E	51,037				
2821001	710T	AMORT CHELSEA MUN AUTH-TX	31,820	E	31,820				
2821001	710U	CHELSEA ACQUISITION ADJ-25 YR TX	134,172	E	134,172				
2821001	710V	PLANT ACQUISITION ADJ-CIAP-TX	150,789	E	150,789				
2821001	711J	CASUALTY LOSS-STORMS	(3,658,324)	PTD			(3,658,324)		
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	7,754	Labor				7,754	
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	(1,310,934)	PTD			(1,310,934)		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	0	PTD			0		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(6,575,815)	Labor				(6,575,815)	
2821001	910K	REMOVAL CST	(82,546,267)	PTD			(82,546,267)		
2821001	910N	ACCURED BK REMOVAL COST - ACRS	14,486,761	PTD			14,486,761		
2821001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(2,940,256)	E	(2,940,256)				
2821001	930J	PROV FOR WRITEDOWN OF INVEST	644,392	E	644,392				
2821001	940I	1985-1987 IRS AUDIT SETTLEMENT	(135,065)	PTD			(135,065)		
2821001	960F-XS	EXCESS ADIT 282	(6,194,927)	PTD			(6,194,927)		
<b>2821001</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>(800,720,606)</b>		<b>17,146,475</b>	<b>0</b>	<b>(811,299,020)</b>	<b>0</b>	<b>(6,568,061)</b>
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	(800,720,606)						
2831001	014A-DSIT	ADSDITC STATE C/F-DEF STATE TAX ASSET-LT	(2,081,387)	E	(2,081,387)				
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	(3,427,453)	E	(3,427,453)				
2831001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	1,490	E	1,490				
2831001	533J	INDIAN RESERVATION SECTION 481a ADJUSTMENT	(16,524,283)	PTD			(16,524,283)		
2831001	575E	MTM BK GAIN-A/L TAX DEFL	131,988	E					
2831001	576E	MARK & SPREAD-DEFL-283-A/L	39,581	E	39,581				
2831001	605B	ACCURED BK PENSION EXPENSE	(31,510,648)	Labor				(31,510,648)	
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158	35,618,186	E	35,618,186				
2831001	612E	ACCURED RAIL SETTLEMENT - BNFS	0	E	0				
2831001	630J	DEFD STORM DAMAGE	(2,156,522)	PTD			(2,156,522)		
2831001	630M	RATE CASE DEFD CHGS	(259,657)	PTD			(259,657)		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(3,206,708)	PTD			(3,206,708)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	8,024	E	8,024				
2831001	660M	REG ASSET-CARRY COST ON STRANDED COST	0	E	0				
2831001	660N	REG ASSET-DEFD CARRY COST ON STRANDED COST	(0)	PTD			(0)		
2831001	660R	REG ASSET-DEFD ACCR VEGETATION MGT EXPENSE	(1,014,363)	T&D				(1,014,363)	
2831001	661R	REG ASSET-SFAS 158 - PENSIONS	(35,618,186)	E	(35,618,186)				
2831001	661S	REG ASSET-SFAS 158 - SERP	(493,714)	E	(493,714)				
2831001	661T	REG ASSET-SFAS 158 - OPEB	4,735,199	E	4,735,199				
2831001	661V	REG ASSET-RED ROCK FACILITY	(1,765,865)	E	(1,765,865)				
2831001	663C	REG ASSET-GENERATION MAINTENANCE EXP	(466,675)	E	(466,675)				
2831001	665G	REG ASSET-UNDIRREG PSO BPF	0	E	0				
2831001	667F	REG ASSET-PSO ENVIRONMENTAL COMPLIANCE COSTS	(295,818)	E	(295,818)				
2831001	668X	REG ASSET-WIND RECOVERABLE COSTS	(81,881)	E	(81,881)				
2831001	669B	REG ASSET-DEFERRED SRR RIDER EXPENSES	(2,903,522)	E	(2,903,522)				
2831001	900A	LOSS ON REACQUIRED DEBT	(2,795,290)	PTD			(2,795,290)		
2831001	906A	ACCURD SFAS 106 PST RETIRE EXP	(3,029,803)	Labor				(3,029,803)	
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	5,126,317	Labor				5,126,317	
2831001	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET	(1,714,703)	Labor				(1,714,703)	
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	960X	STATE NOL CURRENT BENEFIT	(2,095,625)	E	(2,095,625)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(131,426,358)	PTD			(131,426,358)		
<b>2831</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>(197,207,676)</b>		<b>(8,695,658)</b>	<b>0</b>	<b>(156,368,818)</b>	<b>(1,014,363)</b>	<b>(31,128,836)</b>
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	(197,207,676)						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET-MJE	659,755	E	659,755				
1901001	014A	ACCUM DITC-STATE-A/C 2550002	3,741,754	E	3,741,754				
1901001	433F	PSO-FUEL O/U RECOVERY-WSLE	(12,494,499)	E	(12,494,499)				
1901001	460A	UNBILLED REVENUE	4,798,066	E	4,798,066				
1901001	520A	PROVS POSS REV REFDS-A/L	(0)	PTD			(0)		
1901001	576F	MARK & SPREAD-DEFL-190-A/L	469,359	E	469,359				
1901001	602A	PROV WORKER'S COMP	447,184	Labor				447,184	
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	475,757	Labor				475,757	
1901001	605F	ACCURD SUP EXEC RETIR PLAN COSTS-SFAS 158	493,714	E	493,714				
1901001	605J	ACCURD BK SUP. SAVINGS PLAN EXP	449,157	Labor				449,157	
1901001	605K	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605O	ACCURD PSI PLAN EXP	1,201,774	Labor				1,201,774	
1901001	610A	BK PROV UNCOLL ACCTS - ST	51,654	PTD			51,654		
1901001	610V	PROV-FAS 157 - A/L	(0)	E	(0)				
1901001	612G	ACCURD COMPANY INCENT PLAN-ENGAGE TO GAIN	0	Labor				0	
1901001	612Y	ACCURD COMPANYWIDE INCENTY PLAN	3,343,380	Labor				3,343,380	
1901001	613E	ACCURD BOOK VACATION PAY	2,097,815	Labor				2,097,815	
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	760,464	Labor				760,464	
1901001	613Y	ACCURD BK SEVERANCE BENEFITS	47,070	Labor				47,070	
1901001	615B	ACCURD INTEREST-LONG-TERM - FIN 48	(912,087)	E	(912,087)				
1901001	615B-MJE	ACCURD INTRST-TAX RES-LT-FIN 48-MJE	1,009,033	E	1,009,033				
1901001	615C	ACCURD INTEREST-SHORT-TERM - FIN 48	197,866	E	197,866				
1901001	615C-MJE	ACCURD INTRST-TAX RES-S/T-FIN 48-MJE	(197,866)	E	(197,866)				
1901001	615E	ACCURD STATE INCOME TAX EXP	(206,580)	E	(206,580)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	0	E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(8,884)	E	(8,884)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	282,921	PTD			282,921		
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(131,988)	E	(131,988)				
1901001	663U	REG ASSET-DEFERRED BASE LOAD PUR PWR	0	E	0				
1901001	700B	TAX DEFL - FRAN COSTS	0	PTD			0		
1901001	712P	PROF SERVICES CAPITALIZED-TX	1,681	PTD			1,681		
1901001	906F	ACCURD OPEB COSTS - SFAS 158	(4,735,199)	E	(4,735,199)				
1901001	906K	ACCURD SFAS 112 PST EMPLOY BEN	1,590,706	Labor				1,590,706	
1901001	906P	ACCURD BOOK ARO EXPENSE - SFAS 143	13,306,933	E	13,306,933				
1901001	911F-FIN48	FIN 48 DSIT	0	E	0				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	45,999,225	PTD			45,999,225		
1901001	911V	ACCURD SIT TX RESERVE-LNG-TERM-FIN 48	(232,243)	E	(232,243)				
1901001	911V-MJE	ACCURD SIT TX RES-LNG-TERM-FIN 48-MJE	693,998	E	693,998				
1901001	911W	ACCURD SIT TX RESERVE-SHRT-TERM-FIN 48	0	E	0				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT	763,562	PTD			763,562		
1901001	960E	AMT CREDIT - DEFERRED	21,539	E	21,539				
1901002	014A	ACCUM DITC-STATE-A/C 2550002-MJE	16,194,103	E	16,194,103				
1901002	014A-DSIT	ADSDITC STATE C/F-DEF STATE TAX ASSET-LT	5,946,820	E	5,946,820				
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	9,792,722	E	9,792,722				
<b>1901</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>95,918,669</b>		<b>38,406,317</b>	<b>0</b>	<b>47,099,044</b>	<b>0</b>	<b>10,413,308</b>
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	95,918,669						



Worksheet C-1 - ADIT & ITC Details

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

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

AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate  
**Worksheet D - Working Capital Rate Base Adjustments**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
<b>Materials &amp; Supplies</b>								
Line Number	Source	Balance @ December 31, 2014 FF1, p. 227, Col. (c)	Balance @ December 31, 2013 FF1, p. 227, Col. (b)	Average Balance for Rate Year 2014				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	876,948	452,952	664,950			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	280,289	237,917	259,103			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	0			

<b>Prepayment Balance Summary</b>							
	Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
5	Totals as of December 31, 2014	5,586,134	(93,342,414)	0	3,433,859	95,494,689	98,928,548
6	Totals as of December 31, 2013	5,796,327	(97,530,358)	0	2,783,342	100,543,343	103,326,685
7	<b>Average Balance</b>	<b>5,691,231</b>	<b>(95,436,386)</b>	<b>0</b>	<b>3,108,600</b>	<b>98,019,016</b>	<b>101,127,617</b>

<b>Prepayments Account 165 - Balance @ 12/31/2014</b>							
Acc. No.	Description	2014 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
8	1650001 Prepaid Insurance	1,189,527	0		592,888	596,639	1,189,527
9	1650004 Prepaid Interest	0	0				-
10	1650005 Prepaid Employee Benefits	0	0				-
11	1650006 Other Prepayments	603,535	603,535				-
12	1650009 Prepaid Carry Cost-Factored	69,246	69,246				-
13	1650010 Prepaid Pension Benefits	94,612,820				94,612,820	94,612,820
14	165001114 Prepaid Sales Taxes	1,895,864			1,895,864		1,895,864
15	165001214 Prepaid Use Taxes	417,179			417,179		417,179
16	1650014 FAS 158 Qual Contra Asset	(94,612,820)	(94,612,820)				-
17	1650016 FAS 112 ASSETS	0					-
18	1650021 Prepaid Insurance - EIS	813,159			527,928	285,230	813,159
19	1650023 Prepaid Leases	348,941	348,941				-
20	1650028 Trinity Rail Car Lease - Non-current	0	0				-
21	1650031 Prepaid OCIP Work Comp	145,575	145,575				-
22	1650032 Prepaid OCIP Work Comp-Long Term	623	623				-
23	1650033 Prepaid OCIP Work Comp-Affiliated	102,050	102,050				-
24	1650034 Prepaid OCIP Work Comp-Affiliated Long Term	437	437				-
25	1650035 PRW Without MED-D Benefits	(3,544,036)	(3,544,036)				-
26	1650036 PRW for Med-D Benefits	9,350,188	9,350,188				-
27	1650037 FAS158 Contra-PRW Exclude Med-D	(5,806,152)	(5,806,152)				-
28	<b>Subtotal - Form 1, p 111.57.c</b>	<b>5,586,134</b>	<b>(93,342,414)</b>	<b>0</b>	<b>3,433,859</b>	<b>95,494,689</b>	<b>98,928,548</b>

<b>Prepayments Account 165 - Balance @ 12/31/2013</b>							
Acc. No.	Description	2013 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
30	1650001 Prepaid Insurance	1,089,497	0		605,413	484,084	1,089,497
31	1650004 Prepaid Interest	0	0				-
32	1650005 Prepaid Employee Benefits	0	0				-
33	1650006 Other Prepayments	547,256	547,256				-
34	1650009 Prepaid Carry Cost-Factored	64,371	64,371				-
35	1650010 Prepaid Pension Benefits	99,687,782				99,687,782	99,687,782
36	165001113 Prepaid Sales Taxes	1,500,000			1,500,000		1,500,000
37	165001213 Prepaid Use Taxes	150,000			150,000		150,000
38	1650014 FAS 158 Qual Contra Asset	(99,687,782)	(99,687,782)				-
39	1650016 FAS 112 ASSETS	0					-
40	1650021 Prepaid Insurance - EIS	899,406			527,928	371,477	899,406
41	1650023 Prepaid Leases	1,196,856	1,196,856				-
42	1650028 Trinity Rail Car Lease - Non-current	348,941	348,941				-
43	<b>Subtotal - Form 1, p 111.57.c</b>	<b>5,796,327</b>	<b>(97,530,358)</b>	<b>0</b>	<b>2,783,342</b>	<b>100,543,343</b>	<b>103,326,685</b>



AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate  
**Worksheet E - IPP Credits**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers @ 12/31/2013 (2014 FORM 1, P269, (B))	3,017,180
2	Interest Accrual (company records)	58,090
3	Revenue Credits to Generators (company records)	(1,984,701)
4	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	-
6		
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, (F))	1,090,569
8	Average Balance for 2014 ((ln 1 + ln 7)/2)	2,053,875

AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate Projected on 2014 FF1 Balances  
**Worksheet F** - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects  
 Based on a Carrying Charge Derived from Historic 2014 Data  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

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

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

ROE w/o incentives (Projected TCOS, In 149)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 147 through 149)			
	%	Cost	Weighted cost
Long Term Debt	50.50%	0.0517	0.0261
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	49.50%	0.1120	0.0554
		R =	0.0815

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS				
	Rev Require	W Incentives	Incentive Amounts	
PROJECTED YEAR	2015	7,800,751	7,800,751	\$ -

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

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

Rate Base (Projected TCOS, In 75)	429,462,468
R (from A. above)	0.0815
Return (Rate Base x R)	35,020,875

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

Return (from B. above)	35,020,875
Tax Rate (Projected TCOS, In 109)	38.56%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	42.68%
Income Tax Calculation (Return x EIT)	14,945,325
ITC Adjustment (Projected TCOS, In 116)	(266,733)
Income Taxes	14,678,592

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

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

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

Net Revenue Requirement (Projected TCOS, In 123)	91,879,619
Return (Projected TCOS, In 118)	35,020,875
Income Taxes (Projected TCOS, In 117)	14,678,592
Gross Margin Taxes (Projected TCOS, In 122)	-
Net Revenue Requirement, Less Return and Taxes	42,180,152

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

Net Revenue Requirement, Less Return and Taxes	42,180,152
Return (from I.B. above)	35,020,875
Income Taxes (from I.C. above)	14,678,592
Net Revenue Requirement, with 0 Basis Point ROE increase	91,879,619
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	91,879,619
Less: Depreciation (Projected TCOS, In 95)	13,609,704
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	78,269,915

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

Net Revenue Requirement before Gross Margin Taxes, with 0	91,879,619
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)	567,701,276
Net Revenue Requirement, with 0 Basis Point ROE increase	91,879,619
FCR with 0 Basis Point increase in ROE	16.18%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	78,269,915
FCR with 0 Basis Point ROE increase, less Depreciation	13.79%
FCR less Depreciation (Projected TCOS, In 12)	13.79%
	0.00%

**III. Calculation of Composite Depreciation Rate**

Transmission Plant @ Beginning of Period (P.206, In 58)	731,312,125	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	788,910,811	<==From Input on Worksheet B
	1,520,222,936	
Transmission Plant Average Balance for 2014	760,111,468	
Annual Depreciation Expense (Historic TCOS, In 246)	14,567,014	
Composite Depreciation Rate	1.92%	
Depreciable Life for Composite Depreciation Rate	52.18	
Round to nearest whole year	52	

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

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

ROE w/o incentives (True-Up TCOS, In 136)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 134 through 136)			
	%	Cost	Weighted cost
Long Term Debt	51.09%	0.0529	0.0270
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	48.91%	0.1120	0.0548
		R =	0.0818

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

Rate Base (True-Up TCOS, In 63)	380,020,732
R (from A. above)	0.0818
Return (Rate Base x R)	31,085,619

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

Return (from B. above)	31,085,619
Tax Rate (True-Up TCOS, In 106)	38.56%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	42.04%
Income Tax Calculation (Return x EIT)	13,066,968
ITC Adjustment (True-Up TCOS, In 103)	(257,590)
Income Taxes	12,809,378

**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)	85,485,207
Return (True-Up TCOS, In 105)	31,085,619
Income Taxes (True-Up TCOS, In 104)	12,809,378
Gross Margin Taxes (True-Up TCOS, In 109)	-
Net Revenue Requirement, Less Return and Taxes	41,590,211

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

Net Revenue Requirement, Less Return and Taxes	41,590,211
Return (from I.B. above)	31,085,619
Income Taxes (from I.C. above)	12,809,378
Net Revenue Requirement, with 0 Basis Point ROE increase	85,485,207
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	85,485,207
Less: Depreciation (True-Up TCOS, In 83)	13,535,929
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	71,949,279

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

Net Revenue Requirement before Gross Margin Taxes, with 0 Basis Point ROE increase (II B. above)	85,485,207
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

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

Net Transmission Plant (True-Up TCOS, In 39)	511,745,169
Net Revenue Requirement, with 0 Basis Point ROE increase	85,485,207
FCR with 0 Basis Point increase in ROE	16.70%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	71,949,279
FCR with 0 Basis Point ROE increase, less Depreciation	14.06%
FCR less Depreciation (True-Up TCOS, In 12)	14.06%
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)	731,312,125	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	788,910,811	<==From Input on Worksheet B
	1,520,222,936	
Transmission Plant Average Balance for 2014	760,111,468	
Annual Depreciation Expense (True-Up TCOS, In 83)	14,567,014	
Composite Depreciation Rate	1.92%	
Depreciable Life for Composite Depreciation Rate	52.18	
Round to nearest whole year	52	

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR SPP BPU & NON-BPU PROJECTS					
TRUE-UP YEAR	2014	Rev Require	W Incentives	Incentive Amounts	
Σ Prior Year Projected (WS-F)	\$	7,448,863	\$	7,448,863	\$ -
Σ Prior Year True-Up (WS-G)	\$	6,334,727	\$	6,334,727	\$ -
True-up Adjustment For 2014		(1,114,136)		(1,114,136)	-

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

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

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet H - Revenue Credits for Historic Period**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

Revenue Credits for

	Total Company	Non- Transmission	Transmission
<b>I. Account 450, Forfeited Discounts</b>	2,869,086	2,869,086	-
<b>II. Account 451, Miscellaneous Service Revenues</b>	4,719,639	4,719,639	-
<b>III. Account 454, Rent from Electric Property</b>			
1 Account 4540001 - Rent from Elect Property-Aff	1,597,386	1,548,182	49,204
2 Account 4540002 - Rent from Elect Property - Non-Aff	124,917	99,440	25,477
3 Account 4540005 - Rent from Elect Property - Pole Attach	157,544	110,863	46,681
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	3,203,023	3,203,023	-
5 Total Rents from Electirc Property	5,082,871		121,363

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

<b>IV. Account 4560015, Revenues from Associated Business Development</b>			
1 Account 4560015, Revenues from Associated Business Development	3,206,305		(6,171)
<b>V. Total Other Operating Revenues To Reduce Revenue Requirement</b>			115,192
<b>VI. Account 456.1, Revenues from Transmission of Electricity of Others</b>			36,592,156
( Provide data sources and any detailed explanations necessary in Section VIII Notes below )			
<b>Less:</b>			
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			787,019
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			1,810,321
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			14,446,160
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			1,152,449
9 Base Plan Revenue (from SPP)			12,508,918
10 Flow Through of ERCOT Ancillary Charges			-
11 Other			-

**Net Transmission Credits** \$5,629,144

**VII. Total Worksheet A Revenue Credits** \$5,744,336

**VIII. Data Sources:**

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



AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet I - Supporting Transmission Expense Adjustments**  
**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 2014 FF1 Balances  
**Worksheet J - Allocation of Specific O&M or A&G Expenses**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

<u>Line Number</u>	<u>FERC Acct No.</u>	<u>Description</u>	<u>2014 Expense</u>	<u>100% Non-Transmission</u>	<u>100% Transmission Specific</u>	<u>Explanation</u>
<b>Account 926</b>						
<b>2007 Base Year OPEB Expense (Note 1)</b>						
1	9260021	Postretirement Benefits - OPEB	7,738,548			
2	9260057	Postret Ben Medicare Subsidy	(2,016,228)			
3		OPEB Billed From Service Corporation	452,416			
4		Net 2007 Base Year Expense	6,174,736			
<b>2014 Current Year Expense</b>						
6	9260021	Postretirement Benefits - OPEB	(5,920,571)			
7	9260057	Postret Ben Medicare Subsidy	909,617			
8		OPEB Billed From Service Corporation	446,303			
9		Net 2014 Expense	(4,564,651)			
10		<b>Net Increase (Decrease) in OPEB Expense</b>	<b>(10,739,387)</b>	This Amount Is Allocated on Wages & Salaries		
<b>Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.</b>						
<b>Account 928</b>						
11	9280000	Reg Commission Expense - OCC Annual Fees	1,323,292	1,323,292		Oklahoma Corporation Commission Assessment
12	9280001	Reg Commission Expense Admin	13,254	13,254		FERC Assessment Fees
13						To accumulate AEPSC costs in connection with the preparation and filing of the 2013 Public Service of Oklahoma base rate case.
14	9280002	Reg Commission Exp - Case	612,508	442,476	170,032	Oklahoma base rate case.
15	9280002	Reg Commission Exp - Transmission	7,164	6,325	839	Activity not associated with a project.
16	9280002	Reg Commission Exp - Labor Accruals	5,937	4,726	1,211	Labor accruals - for various depts
17	9280002	Reg Commission Exp - Misc Filings	38	35	3	General Culture Initiative
18	9280002	Reg Commission Exp - Misc Filings	3	-	3	PSO Transmission
19	9280002	Reg Commission Exp - Misc Filings	40,254	32,390	7,864	Reg/Leg Act-Oklahoma
19	9280003	Rate Case Amort	-	-	-	Rate Case Amortization
20		<b>Total (FF1, pg. 323)</b>	<b>2,002,450</b>	<b>1,822,498</b>	<b>179,952</b>	
<b>Account 930.1</b>						
21	9301000	General Advertising Expenses	109,308	109,308	0	
22	9301001	Newspaper Advertising Space	19,918	19,918	0	
23	9301002	Radio Station Advertising Time	19,728	19,728	0	
24	9301006	Spec Corporate Comm Info Proj	0	0	0	
25	9301007	Special Adv Space & Prod Exp	0	0	0	
26	9301008	Direct Mail and Handouts	0	0	0	
27	9301009	Fairs, Shows, and Exhibits	0	0	0	
28	9301010	Publicity	3,121	3,121	0	
29	9301011	Dedications, Tours, & Openings	0	0	0	
30	9301012	Public Opinion Surveys	26,168	26,168	0	
31	9301013	Movies Slide Films & Speeches	0	0	0	
32	9301014	Video Communications	0	0	0	
33	9301015	Other Corporate Comm Exp	76,504	76,504	0	
34		<b>Total (FF1, pg. 323)</b>	<b>254,747</b>	<b>254,747</b>	<b>0</b>	
<b>Account 930.2</b>						
35	9302000	Misc General Expenses	610,960	610,960	0	
36	9302003	Corporate & Fiscal Expenses	37,177	37,177	0	
37	9302004	Research, Develop&Demonstr Exp	10,723	10,723	0	
38	9302006	Assoc Bus Development - Materials Sold-Trans	1	0	1	
39	9302006	Assoc Bus Development - Materials Sold-Non Trans	496,272	496,272	0	
40	9302007	Assoc Business Development Exp - Transmission	423,324	0	423,324	
41	9302007	Assoc Business Development Exp - Non-Transmission	1,223,117	1,223,117	0	
42	9302458	AEPSC Non Affiliated expenses	0	0	0	
43		<b>Total (FF1, pg. 323)</b>	<b>2,801,573</b>	<b>2,378,248</b>	<b>423,325</b>	

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 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 2014**

State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		96.89%	
Effective State Income Tax Rate			5.4837%
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		6.50%	
Apportionment Factor		0.00%	
Effective State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			5.4837%

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

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

**II. CALCULATION OF TEXAS GROSS MARGIN TAX**

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		379,473,101	91,879,619	378,942,125	89,718,838	369,253,619	85,485,207
1	Apportionment Factor to Texas (In12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Apportioned Texas Revenues	\$0	\$0	\$0	\$0	\$0	\$0
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	-	-	-	-	-	-
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	-	-	-	-	-	-
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	-	-	-	-	-	-
8	Total Additional Gross Margin Tax Revenue Requirement	-	-	-	-	-	-
9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)						
10	Texas Jurisdictional Load	-	KW				
11	Total Load	-	KW				
12	Allocation Percentage (In 10 / In 11)	0.00%					

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet L - Taxes Other than Income**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

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

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b>Revenue Taxes</b>					
2	OH CAT Tax	4				4
3	<b>Real Estate and Personal Property Taxes</b>					
4	Oklahoma Ad Valorum	31,006,197	31,006,197			
5	Texas Ad Valorum	948,450	948,450			
6	Louisiana Ad Valorum	739	739			
7			-			
8	<b>Payroll Taxes</b>					
9	Federal Insurance Contribution (FICA )	4,607,701		4,607,701		
10	Federal Unemployment Tax	36,673		36,673		
11	State Unemployment Insurance	184,609		184,609		
12	<b>Production Taxes</b>					
13						-
14						-
15	<b>Miscellaneous Taxes</b>					
16	Federal Excise Tax	1,724				1,724
17	Ok State Franchise Tax	-			-	
18	Ok Sales & Use Taxes	1,371				1,371
19	Ok Local Franchise Tax - 2014	166,886			166,886	
20	Ok Local Franchise Tax -2012	22,767			22,767	
21	State License Fee	67			67	
22	Tx Sales & Use Taxes	(10,444)				(10,444)
23	Unemployment TX - 014	(4,911)			(4,911)	
24	MI Misc Tax	-			-	
25	Ok Misc Tax	480			480	
26	MT Misc Tax				-	
26	Wy Misc Tax				-	
27	Total Taxes by Allocable Basis	36,962,313	31,955,386	4,828,983	185,289	(7,345)
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	36,962,314				



AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2014**  
**PUBLIC SERVICE COMPANY OF OKLAHOMA**

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<b><u>Long Term Debt (FF1.p. 256-257.h)</u></b>				
1 <i>Other Long Term Debt</i>				
2 Oklahoma Local Revolving Credit Facility	125,000,000		1,488,129	p256.1 L8(h)
3 <i>Pollution Control Bonds</i>				
4 Pollution Control Bonds - Series 2009	-	5.25%	737,188	p256 L12(h)
5 Pollution Control Bonds - Series 2007	12,660,000	4.45%	563,370	p257 L25h)
6 <i>Senior Unsecured Notes</i>				
7 Senior Unsecured Notes - Series F	150,000,000	6.15%	9,225,000	p256 L14(h)
8 Senior Unsecured Notes - Series G	250,000,000	6.625%	16,562,500	p256 L19(h)
9 Senior Unsecured Notes - Series H	250,000,000	5.15%	12,875,000	p256 L22(h)
10 Senior Unsecured Notes - Series I	250,000,000	4.40%	11,000,000	p256.1 L3(h)
11 GridSMART Promissory Note	6,329,728	3.00%	195,623	p257 L27(h)
<b><u>Issuance Discount, Premium, &amp; Expenses:</u></b>				
12 Financial Hedges & Auction Fees	FF1.p. 256 & 257.Lines Described as Hedges or Fees		(1,167,106)	256 Ln17(i) 257 Ln5(i)
13 Amort of Debt Discount and Expenses	FF1.p. 117.63.c (also WS-N Ln 15)		1,022,382	
14 Less: Amor of Debt Premimums	FF1.p. 117.65.c (also WS-N Ln 17)		-	
<b><u>Reacquired Debt:</u></b>				
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 <b>Total Interest on Long Term Debt</b>	1,043,989,728	5.17%	53,970,126	
<b><u>Preferred Stock (FF1.p. 250-251)</u></b>				
<b><u>Preferred Balance Outstanding</u></b>				
18	-		-	
19	-		-	
20	-		-	
21 <b>Dividends on Preferred Stock</b>	-	0.00%	-	

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
 PUBLIC SERVICE COMPANY OF OKLAHOMA

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

(A)	(B)	(C)	(D)	(E)
Line		Balances @ 12/31/2014	Balances @ 12/31/2013	Average
<b>Development of Average Balance of Common Equity</b>				
1	Total Proprietary Capital (p. 112.16.c&d)	1,028,214,326	942,100,536	985,157,431
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	0	-	-
4	Less Account 219.1 (p. 112.15.c&d)	4,942,636	5,757,380	5,350,008
5	<b>Average Balance of Common Equity</b>	1,023,271,690	936,343,156	<b>979,807,423</b>

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

6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p.112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	1,043,989,728	1,003,104,301	1,023,547,015
10	<b>Total Average Debt</b>	1,043,989,728	1,003,104,301	<b>1,023,547,015</b>

**11 Annual Interest Expense for 2015**

12	Coupon Interest on Long Term Debt (256-257.33.i)			51,479,704
13	Less: Financial Hedge Gain/Expense from Ln 26 Included in Ln 12			(1,167,106)
14	Plus: Allowed Hedge Recovery from Ln 30 below			(1,001,677)
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,022,382
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,468,040
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
19	<b>Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)</b>			<b>54,135,555</b>

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

**5.29%**

21 Financial Hedge Amortization Reported in Column (i) on Page 256-257 (Enter Gains as a Negative Number)

22	SUN Series I 4.4% Financial Hedge (p. 257.1 Ln 5.i)			(1,279,141)
23	SUN Series F 6.15% Financial Hedge (p. 256 Ln 17.i)			112,035
24				
25				

26 Total Hedge Amortization (1,167,106)

27 Total Average Capital Balance for 2014 (Actual TCOS, Ln 137) 2,003,354,438

28 Financial Hedge Recovery Limit - Five Basis Points of Total Capital 0.0005

29 Limit of Recoverable Amount (1,001,677)

30 **Recoverable Hedge Amortization** **(1,001,677)**

(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)

**Development of Cost of Preferred Stock**

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

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

**SOUTHWESTERN ELECTRIC POWER COMPANY**

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 120)				\$143,051,810
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	7,694,343	DA	1.00000	\$ 7,694,343
4	Assoc. Business Development	(Worksheet H)	95,050	DA	1.00000	\$ 95,050
5	Total Revenue Credits		7,789,393			\$ 7,789,393
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				\$135,262,417

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

7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		57,420,139	DA	1.00000	\$ 57,420,139
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%				16.30%
10	Monthly Rate	(In 9 / 12)				1.36%
11	NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				13.17%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				4.42%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

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SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	<b>RATE BASE CALCULATION</b>	<b>Data Sources (See "General Notes")</b>	<b>TO Total NOTE D</b>	<b>Allocator</b>	<b>Total Transmission</b>
Line No.	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	4,071,734,504	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(31,046,217)	NA	0.00000
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	1,300,777,651	DA	1,223,173,623
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.94380
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		80,009,282	DA	1.00000
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.94380
22	Distribution	(Worksheet A In 5.C)	1,893,211,237	NA	0.00000
23	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA	0.00000
24	General Plant	(Worksheet A In 7.C)	318,327,976	W/S	0.07186
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(683,803)	W/S	0.07186
26	Intangible Plant	(Worksheet A In 9.C)	58,693,466	W/S	0.07186
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	7,691,024,096		1,330,225,791
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	1,377,842,281	NA	0.00000
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(4,294,647)	NA	0.00000
31	Transmission	(Worksheet A In 14.C & 28.C)	431,201,826	TP1=	0.92310
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.92310
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		656,595	DA	1.00000
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
35	Plus: Additional Transmission Depreciation for 2015 (In 95)		29,100,387	TP1	0.92310
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		17,488,272	W/S	0.07186
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
38	Distribution	(Worksheet A In 16.C)	680,835,915	NA	0.00000
39	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA	0.00000
40	General Plant	(Worksheet A In 18.C)	181,814,982	W/S	0.07186
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(381,347)	W/S	0.07186
42	Intangible Plant	(Worksheet A In 20.C)	42,881,462	W/S	0.07186
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	2,757,145,726		442,937,077
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	2,667,140,652		-
46	Transmission	(In 18 + In 19 - In 31 - In 32)	869,575,825		825,131,224
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		79,352,687		79,352,687
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		-
49	Plus: Additional Transmission Depreciation for 2015 (-In 35)		(29,100,387)		(26,862,567)
50	Plus: Additional General & Intangible Depreciation for 2015 (-In 36)		(17,488,272)		(1,256,673)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		-
52	Distribution	(In 22 + In 23 - In 38 - In 39)	1,212,375,322		-
53	General Plant	(In 24 + In 25 - In 40 - In 41)	136,210,538		9,787,823
54	Intangible Plant	(In 26 - In 42)	15,812,004		1,136,220
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	4,933,878,369		887,288,714
56	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
57	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
58	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(1,143,401,217)	DA	(188,659,686)
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(46,036,411)	DA	(2,432,959)
60	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	123,878,454	DA	1,491,669
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(1,065,559,174)		(189,600,975)
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,360,565	DA	-
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	2,077,610		1,960,843
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	453,781	TP	0.94380
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	121,966	W/S	0.07186
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.16425
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	99,786,509	W/S	0.07186
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	1,881,347	GP(h)	0.16425
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(87,634,569)	NA	0.00000
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	16,686,645		9,877,361
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7 (B))	(56,994,522)	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		3,829,371,883		650,570,577



AEP West SPP Member Companies  
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SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
76	OPERATION & MAINTENANCE EXPENSE				
76	Transmission	321.112.b	80,472,721		
77	Less: Total Account 561	(Note I) 321.84-92.b	14,667,815		
78	Less: Account 565	(Note J) 321.96.b	49,184,025		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	16,620,881	TP 0.94380	15,686,742
81	Administrative and General	323.197.b (Note K)	72,365,699		
82	Less: Acct. 924, Property Insurance	323.185.b	2,650,549		
83	Acct. 928, Reg. Com. Exp.	323.189.b	867,068		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	161,896		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	1,392,152		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	67,294,034	W/S 0.07186	4,835,618
87	Plus: Acct. 924, Property Insurance	(In 82)	2,650,549	GP(h) 0.16425	435,356
88	Acct. 928 - Transmission Specific	Worksheet J In 33.(E) (Note L)	417,807	TP 0.94380	394,326
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 47.(E) (Note L)	-	TP 0.94380	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49.(E) (Note L)	95,510	DA 1.00000	95,510
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(11,450,170)	W/S 0.07186	(822,787)
92	A & G Subtotal	(sum Ins 86 to 90 less In 91)	81,908,071		6,583,596
93	TOTAL O & M EXPENSE	(In 80 + In 92)	98,528,952		22,270,337
94	DEPRECIATION AND AMORTIZATION EXPENSE				
95	Transmission	336.7.f	29,100,387	TP 0.94380	27,464,865
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		656,595	DA 1.00000	656,595
97	General	336.10.f	7,699,842	W/S 0.07186	553,296
98	Intangible	336.1.f	9,788,430	W/S 0.07186	703,377
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	47,245,254		29,378,133
100	TAXES OTHER THAN INCOME	(Note N)			
101	Labor Related				
102	Payroll	Worksheet L, Col. D	6,919,541	W/S 0.07186	497,225
103	Plant Related				
104	Property	Worksheet L, Col. C	48,180,088	GP(h) 0.16425	7,913,632
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	5,751,536	NA 0.00000	-
106	Other	Worksheet L, Col. E	23,433,846	GP(h) 0.16425	3,849,035
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	84,285,011		12,259,891
108	INCOME TAXES	(Note O)			
109	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.09%		
110	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		41.23%		
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)		1.6152		
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(1,376,532)		
115	Income Tax Calculation	(In 110 * In 118)	132,582,166		22,524,335
116	ITC adjustment	(In 113 * In 114)	(2,223,428)	NP(h) 0.17058	(379,265)
117	TOTAL INCOME TAXES	(sum Ins 115 to 116)	130,358,738		22,145,071
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	321,605,861		54,637,501
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		1,957,016	DA 1.00000	1,957,016
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		683,980,832		142,647,950
121	(sum Ins 93, 99, 107, 117, 118, 119)				
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,936,465	DA	403,860
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		685,917,297		143,051,810

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SOUTHWESTERN ELECTRIC POWER COMPANY

**SUPPORTING CALCULATIONS**

In									
<u>No.</u>	<b>TRANSMISSION PLANT INCLUDED IN SPP TARIFF</b>								
124	Total transmission plant	(In 18, 19, 20, 21)						1,380,786,933	
125	Less transmission plant excluded from SPP Tariff (Note Q)							41,185,842	
126	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							<u>36,418,186</u>	
127	Transmission plant included in SPP Tariff	(In 124 - In 125 - In 126)						1,303,182,905	
128	Percent of transmission plant in SPP Tariff	(In 127 / In 124)					<b>TP=</b>	<b>0.94380</b>	
129	<b>WAGES &amp; SALARY ALLOCATOR (W/S)</b>	(Note S)		Direct Payroll	Payroll Billed from	Total			
130	Production	354.20.b		41,143,797	AEP Service Corp.	13,892,862	55,036,659	NA 0.00000 -	
131	Transmission	354.21.b		3,278,398		4,925,120	8,203,518	TP 0.94380 7,742,458	
132	Regional Market Expenses	354.22.b		0		0	-	NA 0.00000 -	
133	Distribution	354.23.b		27,025,611		1,663,202	28,688,813	NA 0.00000 -	
134	Other (Excludes A&G)	354.24,25,26.b		9,350,930		6,466,652	15,817,582	NA 0.00000 -	
135	Total	(sum Ins 130 to 134)		<u>80,798,736</u>	<u>26,947,836</u>	<u>107,746,572</u>		<u>7,742,458</u>	
136	Transmission related amount							<b>W/S=</b>	<b>0.07186</b>
137	<b>WEIGHTED AVERAGE COST OF CAPITAL (WACC)</b>							\$	
138				Long Term Interest (Worksheet M, In. 21, col. (D))				<u>114,735,905</u>	
139				Preferred Stock Dividends (Worksheet M, In. 22, col. (D))				-	
140	Development of Common Stock:								
141				Proprietary Capital (112.16.c)				<u>2,096,786,466</u>	
142				Less Preferred Stock (In 148)				-	
143				Less Account 216.1 (112.12.c)				<u>23,735,635</u>	
144				Less Account 219.1 (112.15.c)				<u>(7,468,023)</u>	
145				Common Stock (In 141 - In 142 - In 143 - In 144)				<u>2,080,518,854</u>	
146									
				<b>\$</b>	<b>Capital Structure Percentages</b>		Cost		
147	Long Term Debt (Worksheet M, In. 21, col. (B))			<u>2,060,200,000</u>	Actual	Cap Limit	(Note T)	Weighted	
148	Preferred Stock (Worksheet M, In. 22, col. (B))			-	49.75%	0.00%	0.0557	0.0277	
149	Common Stock (In 145) (Note U)			<u>2,080,518,854</u>	0.00%	0.00%	-	0.0000	
150	Total (sum Ins 147 to 149)			<u>4,140,718,854</u>	50.25%	0.00%	11.2%	<u>0.0563</u>	
							<b>WACC=</b>	<b>0.0840</b>	
151	Capital Structure Equity Limit (Note U)			52.5%					

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

SOUTHWESTERN ELECTRIC POWER COMPANY

**Letter**

**Notes**

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 109) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- |                  |       |   |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00%  |
|                  | SIT=  | 4.75% (State Income Tax Rate or Composite SIT. Worksheet K)         |
|                  | p =   | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 138) / long term debt (In 147). Preferred Stock cost rate = preferred dividends (In 139) / preferred outstanding (In 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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 Utilizing Historic Cost Data for 2014 with Year-End Rate Base Balances

**SOUTHWESTERN ELECTRIC POWER COMPANY**

Line No.			Total	Allocator		Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(In 271)				\$136,103,430
153	REVENUE CREDITS	(Note A)				
154	Transmission Credits	(Worksheet H)	7,694,343	DA	1.00000	\$ 7,694,343
155	Assoc. Business Development	(Worksheet H)	95,050	DA	1.00000	\$ 95,050
156	Total Revenue Credits		7,789,393			\$ 7,789,393
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)				\$ 128,314,037

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

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		57,420,139	DA	1.00000	\$ 57,420,139
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
160	Annual Rate	(In 152/ In 197 x 100%)				16.49%
161	Monthly Rate	(In 160 / 12)				1.37%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives) (Note B)					
163	Annual Rate	( (In 152 - In 246) / In 197 x 100%)				13.18%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)					
165	Annual Rate	( (In 152 - In 246 - In 268 - In 269) / In 197 x 100%)				4.61%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-



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	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
167	Production	(Worksheet A In 1.C)	4,071,734,504	NA 0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(31,046,217)	NA 0.00000	-
169	Transmission	(Worksheet A In 3.C & Ln 278)	1,300,777,651	DA	1,223,173,623
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.94034	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	1,893,211,237	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)	318,327,976	W/S 0.07159	22,790,640
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(683,803)	W/S 0.07159	(48,957)
177	Intangible Plant	(Worksheet A In 9.C)	58,693,466	W/S 0.07159	4,202,149
178	TOTAL GROSS PLANT	(sum Ins 167 to 177)	7,611,014,814	<b>GP(h)= 0.164251</b> <b>GTD= 0.40726</b>	1,250,117,455
179	ACCUMULATED DEPRECIATION AND AMORTIZATION				
180	Production	(Worksheet A In 12.C)	1,377,842,281	NA 0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(4,294,647)	NA 0.00000	-
182	Transmission	(Worksheet A In 14.C & 28.C)	431,201,826.000	<b>TP1= 0.92310</b>	398,042,399
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	<b>TP1= 0.92310</b>	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2015 (In 246)		N/A	TP1 0.92310	N/A
187	Plus: Additional General & Intangible Depreciation for 2015 (In 248+In 249)		N/A	W/S 0.07159	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)	680,835,915	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)	181,814,982	W/S 0.07159	13,017,014
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(381,347)	W/S 0.07159	(27,302)
193	Intangible Plant	(Worksheet A In 20.C)	42,881,462	W/S 0.07159	3,070,091
194	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 180 to 193)	2,709,900,472		414,102,202
195	NET PLANT IN SERVICE				
196	Production	(In 167 + In 168 - In 180 - In 181)	2,667,140,652		-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	869,575,825		825,131,224.331
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 2015 (-In 186)		N/A		N/A
201	Plus: Additional General & Intangible Depreciation for 2015 (-In 187)		N/A		N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 188)		N/A		N/A
203	Distribution	(In 173 + In 174 - In 189 - In 190)	1,212,375,322		-
204	General Plant	(In 175 + In 176 - In 191 - In 192)	136,210,538		9,751,971
205	Intangible Plant	(In 177 - In 193)	15,812,004		1,132,058
206	TOTAL NET PLANT IN SERVICE	(sum Ins 196 to 205)	4,901,114,342	<b>NP(h)= 0.170577</b>	836,015,254
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
209	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(1,143,401,217)	DA	(188,659,686)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(46,036,411)	DA	(2,432,959)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	123,878,454	DA	1,491,669
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
213	TOTAL ADJUSTMENTS	(sum Ins 208 to 212)	(1,065,559,174)		(189,600,975)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,360,565	DA	-
215	WORKING CAPITAL	(Note F)			
216	Cash Working Capital	(1/8 * In 231) (Note G)	2,077,610		1,953,660
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	453,781	TP 0.94034	426,709
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	121,966	W/S 0.07159	8,732
219	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.16425	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	99,786,509	W/S 0.07159	7,144,199
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	1,881,347	GP(h) 0.16425	309,013
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(87,634,569)	NA 0.00000	-
224	TOTAL WORKING CAPITAL	(sum Ins 216 to 223)	16,686,645		9,842,314
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(56,994,522)	DA 1.00000	(56,994,522)
226	RATE BASE (sum Ins 206, 213, 214, 224, 225)		3,796,607,855		599,262,070

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	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
227	OPERATION & MAINTENANCE EXPENSE				
227	Transmission	321.112.b	80,472,721		
228	Less: Total Account 561	(Note I) 321.84-92.b	14,667,815		
229	Less: Account 565	(Note J) 321.96.b	49,184,025		
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	16,620,881	TP 0.94034	15,629,284
232	Administrative and General	323.197.b (Note K)	72,365,699		
233	Less: Acct. 924, Property Insurance	323.185.b	2,650,549		
234	Acct. 928, Reg. Com. Exp.	323.189.b	867,068		
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	161,896		
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	1,392,152		
237	Balance of A & G	(In 232 - sum In 233 to In 236)	67,294,034	W/S 0.07159	4,817,906
238	Plus: Acct. 924, Property Insurance	(In 233)	2,650,549	GP(h) 0.16425	435,356
239	Acct. 928 - Transmission Specific	Worksheet J In 33.(E) (Note L)	417,807	TP 0.94034	392,881
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 47.(E) (Note L)	-	TP 0.94034	-
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49.(E) (Note L)	95,510	DA 1.00000	95,510
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(11,450,170)	W/S 0.07159	(819,773)
243	A & G Subtotal	(sum Ins 237 to 241 less In 242)	81,908,071		6,561,426
244	TOTAL O & M EXPENSE	(In 231 + In 243)	98,528,952		22,190,710
245	DEPRECIATION AND AMORTIZATION EXPENSE				
246	Transmission	336.7.f	29,100,387	TP 0.94034	27,364,266
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
248	General	336.10.f	7,699,842	W/S 0.07159	551,269
249	Intangible	336.1.f	9,788,430	W/S 0.07159	700,801
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	46,588,659		28,616,336
251	TAXES OTHER THAN INCOME	(Note N)			
252	Labor Related				
253	Payroll	Worksheet L, Col. D	6,919,541	W/S 0.07159	495,403
254	Plant Related				
255	Property	Worksheet L, Col. C	48,180,088	GP(h) 0.16425	7,913,632
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	5,751,536	NA 0.00000	-
257	Other	Worksheet L, Col. E	23,433,846	GP(h) 0.16425	3,849,035
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	84,285,011		12,258,070
259	INCOME TAXES	(Note O)			
260	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.09%		
261	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		41.23%		
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)		1.6152		
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(1,376,532)		
266	Income Tax Calculation	(In 261 * In 269)	131,447,796		20,747,910
267	ITC adjustment	(In 264 * In 265)	(2,223,428)	NP(h) 0.17058	(379,265)
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	129,224,368		20,368,645
269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	318,854,208		50,328,409
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		1,957,016	DA 1.00000	1,957,016
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		679,438,214		135,719,186
272	(sum Ins 244, 250, 258, 268, 269, 270)				
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,923,605	DA	384,244
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		681,361,818		136,103,430

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						1,300,777,651
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)							41,185,842
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							36,418,186
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						<u>1,223,173,623</u>
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					<b>TP=</b>	<b>0.94034</b>
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
281	Production	354.20.b	41,143,797	13,892,862	55,036,659	NA	0.00000	-
282	Transmission	354.21.b	3,278,398	4,925,120	8,203,518	TP	0.94034	7,714,098
283	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
284	Distribution	354.23.b	27,025,611	1,663,202	28,688,813	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	9,350,930	6,466,652	15,817,582	NA	0.00000	-
286	Total	(sum Ins 281 to 285)	80,798,736	26,947,836	107,746,572			<u>7,714,098</u>
287	Transmission related amount						<b>W/S=</b>	<b>0.07159</b>
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289		Long Term Interest (Worksheet M, In. 21, col. (D))						114,735,905
290		Preferred Stock Dividends (Worksheet M, In. 22, col. (D))						-
291	Development of Common Stock:							
292		Proprietary Capital (112.16.c)						2,096,786,466
293		Less Preferred Stock (In 299)						-
294		Less Account 216.1 (112.12.c)						23,735,635
295		Less Account 219.1 (112.15.c)						(7,468,023)
296		Common Stock (In 292 - In 293 - In 294 - In 295)						<u>2,080,518,854</u>
297								
298	Long Term Debt (Worksheet M, In. 21, col. (B))		\$					
299	Preferred Stock (Worksheet M, In. 22, col. (B))		2,060,200,000	Actual	Cap Limit		Cost (Note T)	Weighted
300	Common Stock (In 296) (Note U)		-	49.75%	0.00%		0.0557	0.0277
301	Total (sum Ins 298 to 300)		2,080,518,854	0.00%	0.00%		-	0.0000
			<u>4,140,718,854</u>	50.25%	0.00%		11.2%	0.0563
							<b>WACC=</b>	<b>0.0840</b>
302	Capital Structure Equity Limit (Note U)		52.5%					



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**Letter**

**Notes**

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 260) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- |                  |       |        |   |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% |   |
|                  | SIT=  | 4.75%  | (State Income Tax Rate or Composite SIT. Worksheet K)         |
|                  | p =   | 0.00%  | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 289) / long term debt (In 298). Preferred Stock cost rate = preferred dividends (In 290) / preferred outstanding (In 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.



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Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				\$132,129,965
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	7,694,343	DA	1.00000	\$ 7,694,343
4	Assoc. Business Development	(Worksheet H)	95,050	DA	1.00000	\$ 95,050
5	Total Revenue Credits		7,789,393			\$ 7,789,393
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				\$124,340,572

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

7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		44,105,038	DA	1.00000	\$ 44,105,038
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100)				17.14%
10	Monthly Rate	(ln 9 / 12)				1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	(( ln 1 - ln 83 ) / ln 39 x 100)				13.59%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	(( ln 1 - ln 83 - ln 104 - ln 105 ) / ln 39 x 100)				4.88%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

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Line No.	(1) <b>RATE BASE CALCULATION</b>	(2) <b>Data Sources (See "General Notes")</b>	(3) <b>TO Total NOTE D</b>	(4) <b>Allocator</b>	(5) <b>Total Transmission</b>
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	4,022,007,364	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(29,702,317)	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	1,232,719,660	DA	1,159,382,708
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.94051
20	Distribution	(Worksheet A In 5.E)	1,868,138,712	NA	0.00000
21	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.E)	-	NA	0.00000
22	General Plant	(Worksheet A In 7.E)	317,243,759	W/S	0.07161
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(684,644)	W/S	0.07161
24	Intangible Plant	(Worksheet A In 9.E)	54,316,247	W/S	0.07161
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	7,464,038,781	<b>GP(TU)=</b>	<b>0.15889</b>
				<b>GTD=</b>	<b>0.39754</b>
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	1,346,696,389	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(3,950,867)	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	420,709,811	<b>TP1=</b>	0.92379
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	<b>TP1=</b>	0.92379
31	Distribution	(Worksheet A In 16.E)	673,312,668	NA	0.00000
32	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA	0.00000
33	General Plant	(Worksheet A In 18.E)	177,765,791	W/S	0.07161
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(365,179)	W/S	0.07161
35	Intangible Plant	(Worksheet A In 20.E)	39,558,347	W/S	0.07161
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	2,653,726,959		404,184,722
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	2,649,559,525		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	812,009,849		770,733,898
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,194,826,045		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	139,158,503		9,964,808
42	Intangible Plant	(In 24 - In 35)	14,757,900		1,056,778
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	4,810,311,822	<b>NP(TU)=</b>	<b>0.16252</b>
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	(1,111,592,668)	DA	(177,514,801)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(43,441,465)	DA	(2,321,567)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	209,200,740	DA	14,701,305
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(945,833,393)		(165,135,064)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	1,355,725	DA	252,497
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	2,077,610		1,954,009
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	555,152	TP	0.94051
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	133,843	W/S	0.07161
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.15889
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	103,303,878	W/S	0.07161
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	1,902,864	GP(TU)	0.15889
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(90,859,444)	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	17,113,903		10,185,402
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(61,922,005)	DA	1.00000
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		3,821,026,051		565,136,314

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

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
64	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	80,472,721		
65	Less: Total Account 561	(Note I) 322.84-92.b	14,667,815		
66	Less: Account 565	(Note J) 322.96.b	49,184,025		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, ln 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	16,620,881	TP	0.94051
69	Administrative and General	323.197.b (Note K)	72,365,699		
70	Less: Acct. 924, Property Insurance	323.185.b	2,650,549		
71	Acct. 928, Reg. Com. Exp.	322.189.b	867,068		
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	161,896		
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	1,392,152		
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	67,294,034	W/S	0.07161
75	Plus: Acct. 924, Property Insurance	(ln 70)	2,650,549	GP(TU)	0.15889
76	Acct. 928 - Transmission Specific	Worksheet J ln 33.(E) (Note L)	417,807	TP	0.94051
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 47.(E) (Note L)	-	GP(TU)	0.15889
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 49.(E) (Note L)	95,510	DA	1.00000
79	Less: PBOP Expense ln Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	(11,450,170)	W/S	0.07161
80	A & G Subtotal	(sum Ins 74 to 78 less ln 79)	81,908,071		
81	TOTAL O & M EXPENSE	(ln 68 + ln 80)	98,528,952		
82	DEPRECIATION AND AMORTIZATION EXPENSE				
83	Transmission	336.7.f	29,100,387	TP	0.94051
84	General	336.10.f	7,699,842	W/S	0.07161
85	Intangible	336.1.f	9,788,430	W/S	0.07161
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	46,588,659		
87	TAXES OTHER THAN INCOME	(Note N)			
88	Labor Related				
89	Payroll	Worksheet L, Col. D	6,919,541	W/S	0.07161
90	Plant Related				
91	Property	Worksheet L, Col. C	48,180,088	GP(TU)	0.15889
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	5,751,536	NA	0.00000
93	Other	Worksheet L, Col. E	23,433,846	GP(TU)	0.15889
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	84,285,011		
95	INCOME TAXES	(Note O)			
96	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.09%		
97	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		41.27%		
98	where WCLTD=(ln 134) and WACC = (ln 137)				
99	and FIT, SIT & p are as given in Note O.				
100	$GRCF=1 / (1 - T) =$ (from ln 96)		1.6152		
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(1,376,532)		
102	Income Tax Calculation	(ln 97 * ln 105)	133,304,047		
103	ITC adjustment	(ln 100 * ln 101)	(2,223,428)	NP(TU)	0.16252
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	131,080,619		
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	322,981,672		
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		1,957,016	DA	1.00000
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		685,421,929		
108	(sum Ins 81, 86, 94, 104, 105, 106)				
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,940,545	DA	
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		687,362,475		





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 Transmission Cost of Service Formula Rate  
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SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the true-up revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p =$  "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 96) multiplied by  $(1/1-T)$ . If the applicable tax rates are zero enter 0.
- |                  |       |   |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00%  |
|                  | SIT = | 4.75% (State Income Tax Rate or Composite SIT. Worksheet K)         |
|                  | p =   | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 125) / long term debt (In 134). Preferred Stock cost rate = preferred dividends (In 126) / preferred outstanding (In 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate  
**Worksheet A - Detail Plant Balances**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

<u>Line Number</u>	<u>(A) Rate Base Item &amp; Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2014</u>	<u>(D) Balances 12/31/2013</u>	<u>(E) Average Balance for 2014</u>
<b>NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.</b>					
<b>Plant Investment Balances</b>					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46	4,071,734,504	3,972,280,223	4,022,007,364
2	Production Asset Retirement Obligation (ARO)	FF1, page 205 & 204, Col.(g)&(b), Ins 15,24,34,44	31,046,217	28,358,417	29,702,317
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	1,300,777,651	1,164,661,669	1,232,719,660
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	1,893,211,237	1,843,066,187	1,868,138,712
6	Distribution Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 74	-	-	-
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 99	318,327,976	316,159,542	317,243,759
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	683,803	685,485	684,644
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	58,693,466	49,939,028	54,316,247
10	<b>Total Property Investment Balance</b>	(Sum of Lines: 1, 3, 5, 7, 9)	7,642,744,834	7,346,106,649	7,494,425,742
11	<b>Total ARO Balance (included in total on line 10)</b>	(Sum of Lines: 2, 4, 6, 8)	31,730,020	29,043,902	30,386,961
<b>Accumulated Depreciation &amp; Amortization Balances</b>					
12	Production Accumulated Depreciation	FF1, page 219, Ins 20-24, Col. (b)	1,377,842,281	1,315,550,496	1,346,696,389
13	Production ARO Accumulated Depreciation	Company Records	4,294,647	3,607,088	3,950,867
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	431,201,826	410,217,796	420,709,811
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, In 26, Col. (b)	680,835,915	665,789,420	673,312,668
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	181,814,982	173,716,600	177,765,791
19	General ARO Accumulated Depreciation	Company Records	381,347	349,011	365,179
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	42,881,462	36,235,232	39,558,347
21	<b>Total Accumulated Depreciation or Amortization</b>	(Sum of Lines: 12, 14, 16, 18, 20)	2,714,576,466	2,601,509,544	2,658,043,005
22	<b>Total ARO Balance (included in total on line 21)</b>	(Sum of Lines: 13, 15, 17, 19)	4,675,994	3,956,099	4,316,046
<b>Generation Step-Up Units</b>					
23	GSU Investment Amount	Company Records	36,418,186	27,975,324	32,196,755
24	GSU Accumulated Depreciation	Company Records	15,411,831	15,114,099	15,262,965
25	<b>GSU Net Balance</b>	(Line 23 - Line 24)	21,006,356	12,861,225	16,933,790
<b>Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)</b>					
23a	Excluded Facilities Investment Amount	Company Records	41,185,842	41,094,552	41,140,197
24a	Excluded Facilities Accumulated Depreciation	Company Records	17,747,597	15,848,475	16,798,036
25a	<b>Excluded Facilities Net Balance</b>	(Line 23a - Line 24a)	23,438,245	25,246,077	24,342,161
<b>Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation</b>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	431,201,826	410,217,796	420,709,811
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	33,159,427	30,962,574	32,061,001
28	<b>Subtotal of Transmission Accumulated Depreciation</b>	(Line 26 - Line 27)	398,042,399	379,255,222	388,648,810
<b>Plant Held For Future Use</b>					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	1,360,565	1,350,884	1,355,725
30	Transmission Plant Held For Future	Company Records	-	504,994	252,497

AEP West SPP Member Companies  
2015 Cost of Service Formula Rate Projected on 2014 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 (2014) (P.206, In 58,(b)):	1,164,661,669
2	Transmission Plant @ End of Historic Period (2014) (P.207, In 58,(g)):	<u>1,300,777,651</u>
3		2,465,439,320
4	Average Balance of Transmission Investment	1,232,719,660
5	Annual Depreciation Expense, Historic TCOS, In 246	29,100,387
6	Composite Depreciation Rate	2.36%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 6,656,693	2.00%	\$ 133,134	\$ 11,094	11	\$ 122,034
10	February	\$ 7,147,848	2.00%	\$ 142,957	\$ 11,913	10	\$ 119,130
11	March	\$ 2,970,847	2.00%	\$ 59,417	\$ 4,951	9	\$ 44,559
12	April	\$ 2,303,130	2.00%	\$ 46,063	\$ 3,839	8	\$ 30,712
13	May	\$ 1,934,808	2.00%	\$ 38,696	\$ 3,225	7	\$ 22,575
14	June	\$ 27,434,397	2.00%	\$ 548,688	\$ 45,724	6	\$ 274,344
15	July	\$ 1,612,275	2.00%	\$ 32,245	\$ 2,687	5	\$ 13,435
16	August	\$ 1,533,101	2.00%	\$ 30,662	\$ 2,555	4	\$ 10,220
17	September	\$ 1,535,754	2.00%	\$ 30,715	\$ 2,560	3	\$ 7,680
18	October	\$ 1,546,362	2.00%	\$ 30,927	\$ 2,577	2	\$ 5,154
19	November	\$ 4,051,284	2.00%	\$ 81,026	\$ 6,752	1	\$ 6,752
20	December	\$ 21,282,783	2.00%	\$ 425,656	\$ 35,471	0	-
21	Investment	<u>\$ 80,009,282</u>				Depreciation Expense	<u>\$ 656,595</u>

**III. Plant Transferred**

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

AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate  
**Worksheet C - ADIT Balances used in Projection & True-Up**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

Line No.	(A) Acc. No.	(B) Description	(C) YE Balance	(E) Exclusions *	(F) 100% Transmission Related	(G) PTD Plant Related	(H) Transmission & Distribution Plant Related	(I) Labor Related	(J) Total Included in Ratebase (E)+(F)+(G)+(H)
<b>Account 282 - Form-1 page 274-275, Ln 2 Col. (k)</b>									
<b>282 Balance to Use in Projection</b>									
1	282.1	2014 Year End Tax Deferrals - Ws C-1	(1,143,401,217)	7,638,717	-	(1,146,724,254)	-	(4,315,680)	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.4251%	40.7258%	7.1595%	
3	282.1	Allocated Total		0	0	(188,350,705)	0	(308,980)	(188,659,686)
<b>282 Balance to Use in True-Up</b>									
4	282.1	2014 Year End Tax Deferrals - Ws C-1	(1,143,401,217)	7,638,717	-	(1,146,724,254)	-	(4,315,680)	
5	282.1	2013 Year End Tax Deferrals - Ws C-2	(1,079,784,119)	7,348,942	-	(1,084,718,274)	-	(2,414,787)	
6		Subtotal	(2,223,185,337)	14,987,659	-	(2,231,442,529)	-	(6,730,467)	
7		Average Balance	(1,111,592,668)	7,493,830	0	(1,115,721,264)	0	(3,365,234)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	15.8887%	39.7541%	7.1608%	
9		Allocated Total		0	0	(177,273,825)	0	(240,976)	(177,514,801)
<b>Account 283 - Form-1 page 276-277, Ln 9, Col (k)</b>									
<b>283 Balance to Use in Projection</b>									
10	283.1	2014 Year End Tax Deferrals - Ws C-1	(46,036,411)	(13,854,967)	-	(1,391,524)	-	(30,789,920)	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.4251%	40.7258%	7.1595%	
12	283.1	Allocated Total		0	0	(228,559)	0	(2,204,399)	(2,432,959)
<b>283 Balance to Use in True-Up</b>									
13	283.1	2014 Year End Tax Deferrals - Ws C-1	(46,036,411)	(13,854,967)	-	(1,391,524)	-	(30,789,920)	
14	283.1	2013 Year End Tax Deferrals - Ws C-2	(40,846,520)	(10,281,651)	-	(327,322)	-	(30,237,547)	
15		Subtotal	(86,882,931)	(24,136,618)	-	(1,718,847)	-	(61,027,467)	
16		Average Balance	(43,441,465)	(12,068,309)	0	(859,423)	0	(30,513,733)	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	15.8887%	39.7541%	7.1608%	
18		Allocated Total		0	0	(136,551)	0	(2,185,015)	(2,321,567)
<b>Account 190 - Form-1 page 234, Ln 8, Col. ( c)</b>									
<b>190 Balance to Use in Projection</b>									
19	190.1	2014 Year End Tax Deferrals - Ws C-1	123,878,454	107,838,439	-	3,704,951	-	12,335,064	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.4251%	40.7258%	7.1595%	
21	190.1	Allocated Total		0	0	608,542	0	883,127	1,491,669
<b>190 Balance to Use in True-Up</b>									
22	190.1	2014 Year End Tax Deferrals - Ws C-1	123,878,454	107,838,439	-	3,704,951	-	12,335,064	
23	190.1	2013 Year End Tax Deferrals - Ws C-2	294,523,026	113,174,418	-	171,228,069	-	10,120,540	
24		Subtotal	418,401,481	221,012,857	-	174,933,020	-	22,455,604	
25		Average Balance	209,200,740	110,506,428	0	87,466,510	0	11,227,802	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	15.8887%	39.7541%	7.1608%	
27		Allocated Total		0	0	13,897,309	0	803,996	14,701,305
<b>Account 255 - Form-1 page 266-267</b>									
<b>255 Balance to Use in Projection</b>									
28	255	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-			-			
29	255	Transmission Allocator from Historic TCOS [GP or W/S]				16.4251%			
30	255	Allocated Total		N/A	N/A	0	N/A	N/A	0
<b>255 Balance to Use in True-Up</b>									
31	255	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-			-			
32	255	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 266, Ln 2.b)	-			-			
33		Subtotal	-			-			
34		Average Balance	0			0			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				15.8887%			
36		Allocated Total		N/A	N/A	0	N/A	N/A	0

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



Worksheet C-2 - ADIT & ITC Details

SOUTHWESTERN ELECTRIC POWER COMPANY  
 DETAIL OF DEFERRED INCOME TAX BALANCES  
 AS OF DECEMBER 31, 2014

Account	Line #	Description	Balance	Allocation Basis	Exclusions	Allocation Method			
						100% Transmission	PTD Plant	T&D	Labor
2821001	230A	ACRS BENEFIT NORMALIZED	(974,079,573)	PTD			(974,079,573)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD			(1,271,727)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	81,564	PTD			81,564		
2821001	230X	R & D DEDUCTION - SEC 174	(14,076,709)	PTD			(14,076,709)		
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS	(5,074,885)	PTD			(5,074,885)		
2821001	260A	SPARE PARTS INVENTORY	2,799,917	PTD			2,799,917		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(7,968,350)	E	(7,968,350)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(30,925,896)	PTD			(30,925,896)		
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	1,764,745	PTD			1,764,745		
2821001	320A	ABFUDC	(70,985,192)	PTD			(70,985,192)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	108,625,276	PTD			108,625,276		
2821001	390A	CIAC - BOOK RECEIPTS	13,213,599	E	13,213,599				
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	(44,440,013)	PTD			(44,440,013)		
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(29,170,517)	PTD			(29,170,517)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(8,548,463)	PTD			(8,548,463)		
2821001	580K	LOSS-ABANDONMENT S TIE - BK	367,811	PTD			367,811		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,388,158	E	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)	E	(22,866)				
2821001	710W	BREM & HAUGH ACQUISITION ADJ-TX	6,218,248	E	6,218,248				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	14,693	Labor					14,693
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	(2,374,483)	PTD			(2,374,483)		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	0	PTD			0		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(4,330,373)	Labor					(4,330,373)
2821001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	E	(14,179,508)				
2821001	910K	REMOVAL CST	(48,973,441)	PTD			(48,973,441)		
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO	(10,564)	E	(10,564)				
2821001	960F-XS	EXCESS ADFIT 282	(864,690)	PTD			(864,690)		
<b>2821001</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>(1,143,401,217)</b>		<b>7,638,717</b>	<b>0</b>	<b>(1,146,724,254)</b>	<b>0</b>	<b>(4,315,680)</b>
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	1,143,401,217						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T	(11,805,637)	E	(11,805,637)				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	150,647	E					
2831001	575E-MJE	MTM BK GAIN-A/L-TAX DEFL - MJE	(5,556)	E	(5,556)				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	46,828	E					
2831001	605B	ACCURED BK PENSION EXPENSE	(32,242,819)	Labor					(32,242,819)
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158	36,640,922	E	36,640,922				
2831001	630A	DEFD EXPS (A/C 186)	-	PTD			0		
2831001	630J	DEFD STORM DAMAGE	7	PTD			7		
2831001	630M	RATE CASE DEFD CHGS	(2,869,513)	PTD			(2,869,513)		
2831001	631A	DEFD VALENCE EXPENSES-CURRENT	-	PTD			0		
2831001	631B	DEFD VALENCE EXPENSES-NON-CURRENT	-	PTD			0		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(761,531)	PTD			(761,531)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	12,413	E		12,413			
2831001	680A	TRANSITION REGULATORY ASSETS	0	E	0				
2831001	680F	REG ASSET-SFAS 143 - ARO	(594,754)	E	(594,754)				
2831001	681R	REG ASSET-SFAS 158 - PENSIONS	(36,640,923)	E	(36,640,923)				
2831001	681S	REG ASSET-SFAS 158 - SERP	(304,369)	E	(304,369)				
2831001	681T	REG ASSET-SFAS 158 - OPEB	3,135,666	E	3,135,666				
2831001	664A	REG ASSET-UNDR/REC ENVIRON ADJ CLAUSE-LA	(23,635)	E	(23,635)				
2831001	664R	REG ASSET-VALLEY DISTRICT DUE DILIGENCE	(219,663)	E	(219,663)				
2831001	664S	REG ASSET-VMCO EMPLOYEE RETIREMENT	0	E	0				
2831001	664U	REG ASSET-VMCO ACQUIS/INVESTMENTS	(0)	E	(0)				
2831001	664V	REG ASSET-NET CCS FEED STUDY COSTS	(310,774)	E	(310,774)				
2831001	664X	REG ASSET-SWEPSCO/VMCO TRANSACTION COST	(0)	E	(0)				
2831001	668P	REG ASSET-LA 2009 FRP ASSET	(41,216)	E	(41,216)				
2831001	669M	REG ASSET-LOUISIANA VEGETATION MGMT	(882,870)	E	(882,870)				
2831001	669X	REG ASSET-SWEPSCO SHIPE ROAD	(800,447)	E	(800,447)				
2831001	669Y	REG ASSET-2010 SEVERANCE COSTS-LA FRP	(1,795,107)	E	(1,795,107)				
2831001	900A	LOSS ON REACQUIRED DEBT	(2,433,307)	PTD			(2,433,307)		
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT	18,672	PTD			18,672		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	(4,451,989)	Labor					(4,451,989)
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	5,731,725	Labor					5,731,725
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN	2,039,747	Labor					2,039,747
2831001	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET	(1,866,584)	Labor					(1,866,584)
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS	1,469,469	E	1,469,469				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(1,883,257)	E	(1,883,257)				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT	(2,705)	E	(2,705)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	4,654,148	PTD			4,654,148		
<b>2831</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>(46,036,411)</b>		<b>(13,854,967)</b>	<b>0</b>	<b>(1,391,524)</b>	<b>0</b>	<b>(30,789,920)</b>
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	46,036,411						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	898,797	E	898,797				
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL	(5,071,447)	E	(5,071,447)				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(1,933)	E	(1,933)				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY	(3,932,083)	E	(3,932,083)				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY	(614,565)	E	(614,565)				
1901001	460A	UNBILLED REVENUE	7,013,407	E	7,013,407				
1901001	520A	PROVS POSS REV REFDS-A/L	3,695,321	PTD			3,695,321		
1901001	562C	DEFERRED BOOK GAIN/LOSS ON SALE	-	PTD			0		
1901001	576F	MARK & SPREAD-DEFL-190-A/L	566,191	E	566,191				
1901001	602A	PROV WORKER'S COMP	166,825	Labor					166,825
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	322,062	Labor					322,062
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	304,369	E	304,369				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	322,137	Labor					322,137
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	Labor					0
1901001	605K	ACCURED BK BENEFIT COSTS	50,881	Labor					50,881
1901001	605O	ACCURED PSI PLAN EXP	2,018,545	Labor					2,018,545
1901001	610A	BK PROV UNCOLL ACCTS - ST	180,582	PTD			180,582		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	5,128	E	5,128				
1901001	610V	PROV-FAS 157 - A/L	(13)	E	(13)				
1901001	611E	ACCURED MINE RECLAMATION	14,290,684	E	14,290,684				
1901001	611G	DEFD COMPENSATION-BOOK EXPENSE	593,275	Labor					593,275
1901001	612G	ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN	-	Labor					0
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	5,359,030	Labor					5,359,030
1901001	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT	11,817	PTD			11,817		
1901001	613E	ACCURED BOOK VACATION PAY	3,395,629	Labor					3,395,629
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	77,250	Labor					77,250
1901001	613Y	ACCURED BK SEVERANCE BENEFITS	29,430	Labor					29,430
1901001	615A	ACCURED INTEREST EXP -STATE	0	PTD			0		
1901001	615B	ACCURED INTEREST-LONG-TERM - FIN 48	(627,133)	E	(627,133)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-LT-FIN 48-MJE	961,045	E	961,045				
1901001	615C	ACCURED INTEREST-SHORT-TERM - FIN 48	(417,975)	E	(417,975)				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	417,974	E	417,974				
1901001	615E	ACCURED STATE INCOME TAX EXP	(621,404)	E	(621,404)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	(0)	E	(0)				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(69,006)	E	(69,006)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	295,243	PTD			295,243		
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	183,206	E	183,206				
1901001	651F	DISALLOWED COSTS - TURK PLANT	19,847,856	E	19,847,856				
1901001	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER	767,504	E	767,504				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(150,206)	E	(150,206)				
1901001	684G	REG LIAB-MIRROR AFUDC-LA	20,361,902	E	20,361,902				
1901001	701A	AMORT - GOODWILL PER BOOKS	1,933,750	E	1,933,750				
1901001	702A	GOODWILL PER TAX	(600,568)	E	(600,568)				
1901001	710H	AMORT ELEC PLT ACQ ADJS	229,758	PTD			229,758		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	(3,135,666)	E	(3,135,666)				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143							



Worksheet C-1 - ADIT & ITC Details

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

Account	Line #	Description	Balance	Exclusions	Allocation Method				
					100% Transmission	PTD Plant	T&D	Labor	
2821001	230A	ACRS BENEFIT NORMALIZED	(929,645,193)	PTD		(929,645,193)			
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD		(1,271,727)			
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	81,564	PTD		81,564			
2821001	230X	R & D DEDUCTION - SEC 174	(10,845,853)	PTD		(10,845,853)			
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)	E	(7,204,153)				
2821001	295A	GAINLOSS ON ACRS/MACRS PROPERTY	(29,708,407)	PTD		(29,708,407)			
2821001	295C	GAINLOSS-ACRS/MACRS-BK/TX UNIT PROP	1,764,745	PTD		1,764,745			
2821001	320A	ABFUDC	(68,553,054)	PTD		(68,553,054)			
2821001	380J	INT EXP CAPITALIZED FOR TAX	103,745,181	PTD		103,745,181			
2821001	390A	CIAC - BOOK RECEIPTS	12,159,627	E	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)			
2821001	534A	CAPITALIZED RELOCATION COSTS	(7,984,190)	PTD		(7,984,190)			
2821001	560K	LOSS-ABANDONMENT S TIE - BK	367,811	PTD		367,811			
2821001	651A	IMPAIRED ASSETS RES-SFAS 121-BK	10,388,158	E	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)	E	(22,866)				
2821001	710W	BREM & HAUGH ACQUISITION ADJ-TX	6,218,248	E	6,218,248				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	7,378	Labor				7,378	
2821001	711Q	BOOK LEASES CAPITALIZED FOR TAX	(2,647,650)	PTD		(2,647,650)			
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(74,846)	PTD		(74,846)			
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(2,422,165)	Labor				(2,422,165)	
2821001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	E	(14,179,508)				
2821001	910K	REMOVAL CST	(42,347,251)	PTD		(42,347,251)			
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO	(10,564)	E	(10,564)				
2821001	960F-XS	EXCESS ADIT 282	(1,333,817)	PTD		(1,333,817)			
<b>2821001</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>(1,079,784,119)</b>		<b>7,348,942</b>	<b>0</b>	<b>(1,084,718,274)</b>	<b>0</b>	<b>(2,414,787)</b>
(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)			1,079,784,119						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	(11,902,012)	E		(11,902,012)			
2831001	510H	PROPERTY TAX-NEW METHOD-BOOK	0	E	0				
2831001	575E	MTM BK GAIN-AL-TAX DEFL	(1,048,079)	E	(1,048,079)				
2831001	575E-MJE	MTM BK GAIN-AL-TAX DEFL - MJE	0	E	0				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	40,536	E	40,536				
2831001	605B	ACCRUED BK PENSION EXPENSE	(34,695,670)	Labor				(34,695,670)	
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158	33,673,834	E	33,673,834				
2831001	613Z	ACC SEVER CSTS-ARK DO. #98339U	0	E	0				
2831001	630A	DEFD EXPS (A/C 186)	799,907	PTD		799,907			
2831001	630J	DEFD STORM DAMAGE	7	PTD		7			
2831001	630M	RATE CASE DEFD CHGS	(2,773,102)	PTD		(2,773,102)			
2831001	631A	DEFD VALENCE EXPENSES-CURRENT	679,760	PTD		679,760			
2831001	631B	DEFD VALENCE EXPENSES-NON-CURRENT	(1,479,666)	PTD		(1,479,666)			
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(931,971)	PTD		(931,971)			
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	10,136	E	10,136				
2831001	660A	TRANSITION REGULATORY ASSETS	0	E	0				
2831001	660F	REG ASSET - SFAS 143 - ARO	0	E	0				
2831001	660L	REG ASSET - DEFERRED LITIGATION COSTS	(495,993)	E	(495,993)				
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	0	E	0				
2831001	661S	REG ASSET-SFAS 158 - PENSIONS	(33,673,834)	E	(33,673,834)				
2831001	661T	REG ASSET - SFAS 158 - SERP	0	E	0				
2831001	661U	REG ASSET-SFAS 158 - SERP	(99,899)	E	(99,899)				
2831001	661V	REG ASSET - SFAS 158 - OPEB	0	E	0				
2831001	664A	REG ASSET-SFAS 158 - OFEB	4,142,478	E	4,142,478				
2831001	664R	REG ASSET-UNDRREC ENVIRON ADJ CLAUSE-LA	0	E	0				
2831001	664S	REG ASSET-VALLEY DISTRICT DUE DILIGENCE	(346,836)	E	(346,836)				
2831001	664T	REG ASSET-VEMCO EMPLOYEE RETIREMENT	0	E	0				
2831001	664U	REG ASSET-VEMCO ACQUIS/INVESTMENTS	(0)	E	(0)				
2831001	664V	REG ASSET-NET CCS FEED STUDY COSTS	(400,147)	E	(400,147)				
2831001	664X	REG ASSET-SIVERPCO/VEMCO TRANSACTION COST	(0)	E	(0)				
2831001	668P	REG ASSET-LA 2009 FRP ASSET	(41,216)	E	(41,216)				
2831001	900A	LOSS ON REACQUIRED DEBT	(2,857,921)	PTD		(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)	
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	5,731,725	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	0	E	0				
2831001	920G	TX AMORT-30% OF MINE DEV COSTS	0	E	0				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS	900,158	E	900,158				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(1,038,072)	E	(1,038,072)				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT	(2,705)	E	(2,705)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	6,213,104	PTD		6,213,104			
<b>2831</b>		<b>TOTAL ELECTRIC ACCOUNT SUBTOTAL</b>	<b>(40,846,520)</b>		<b>(10,281,651)</b>	<b>0</b>	<b>(327,322)</b>	<b>0</b>	<b>(30,237,547)</b>
(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)			40,846,519						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	758,918	E	758,918				
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL	(17,274)	E	0				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(17,274)	E	(17,274)				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY	(6,336,269)	E	(6,336,269)				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY	0	E	0				
1901001	460A	UNBILLED REVENUE	8,141,795	E	8,141,795				
1901001	520A	PROVS POSS REV REFDS-A/L	4,193,340	PTD		4,193,340			
1901001	562G	DEFERRED BOOK GAINLOSS ON SALE	48,970	PTD		48,970			
1901001	576F	DEFERRED BOOK GAINLOSS ON SALE-LT	0	E	0				
1901001	576F	MARK & SPREAD-DEFL-190-A/L	(243,039)	E	(243,039)				
1901001	602A	PROV WORKER'S COMP	107,102	Labor				107,102	
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	293,479	Labor				293,479	
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	99,899	E	99,899				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	292,722	Labor				292,722	
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	Labor				0	
1901001	605K	ACCRUED BK BENEFIT COSTS	76,018	Labor				76,018	
1901001	605O	ACCRUED PSI PLAN EXP	308,358	Labor				308,358	
1901001	610A	BK PROV UNCOLL ACCTS	0	PTD		0			
1901001	610B	BK PROV UNCOLL ACCTS - ST	496,404	PTD		496,404			
1901001	610U	PROV-TRADING CREDIT RISK - A/L	7,375	E	7,375				
1901001	610V	PROV-FAS 157 - A/L	(1)	E	(1)				
1901001	611E	ACCRUED MINE RECLAMATION	14,244,372	E	14,244,372				
1901001	611G	DEFD COMPENSATION-BOOK EXPENSE	593,275	Labor				593,275	
1901001	611Y	PROVISION FOR LITIGATION	0	PTD		0			
1901001	612G	ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN	568,894	Labor				568,894	
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	4,510,189	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	
1901001	613V	ACCRD BK SEI EMP BENEFIT COSTS	0	E	0				
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS	5,643	Labor				5,643	
1901001	615A	ACCRUED INTEREST EXP -STATE	0	PTD		0			
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(659,605)	E	(659,605)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-LT-FIN 48-MJE	961,045	E	961,045				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	(390,614)	E	(390,614)				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	417,974	E	417,974				
1901001	615E	ACCRUED STATE INCOME TAX EXP	(621,404)	E	(621,404)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	(0)	E	(0)				
1901001	633Y	DEFD REVENUE-DSM LOST REVENUES	0	E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(69,006)	E	(69,006)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	309,855	PTD		309,855			
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	223,025	E	223,025				
1901001	651F	DISALLOWED COSTS - TURK PLANT	20,222,344	E	20,222,344				
1901001	651G	DISALLOWED COSTS - TURK PLANT ADDITIONAL CAP	0	E	0				
1901001	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER	783,494	E	783,494				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	377,706	E	377,706				
1901001	664G	REG LIAB-MIRROR AFUDC-LA	27,182,324	E	27,182,324				
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS	0	PTD		0			
1901001	701A	AMORT - GOODWILL PER BOOKS	1,478,750	E	1,478,750				
1901001	702A	GOODWILL PER TAX	(459,258)	E	(459,258)				

AEP West SPP Member Companies  
 2015 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)
<b>Materials &amp; Supplies</b>								
Line Number	Source	Balance @ December 31, 2014	Balance @ December 31, 2013	Average Balance for Rate Year 2014				
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c & b)	453,781	656,522	555,152			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c & b)	121,966	145,720	133,843			
4	Stores Expense (Undistributed)	FF1, p. 227, In 16, Col. (c & b)	0	0	0			

<b>Prepayment Balance Summary</b>							
	Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
5	Totals as of December 31, 2014	14,033,288	(87,634,569)	0	1,881,347	99,786,509	101,667,856
6	Totals as of December 31, 2013	14,661,315	(94,084,319)	0	1,924,381	106,821,247	108,745,629
7	<b>Average Balance</b>	<b>14,347,301</b>	<b>(90,859,444)</b>	<b>0</b>	<b>1,902,864</b>	<b>103,303,878</b>	<b>105,206,742</b>

<b>Prepayments Account 165 - Balance @ 12/31/2014</b>							
Acc. No.	Description	2014 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
8	1650001 Prepaid Insurance	1,515,595			686,052	829,542	1,515,595
9	1650004 Prepaid Interest	0					
10	1650005 Prepaid Employee Benefits	0					
11	1650006 Other Prepayments	8,658,684	8,658,684				
12	1650009 Prepaid Carry Cost	91,699	91,699				
13	1650010 Prepaid Pension Benefits	98,464,008				98,464,008	98,464,008
14	165001114 Prepaid Sales Taxes	777,000			777,000		777,000
15	165001214 Prepaid Use Taxes	646	646				
16	165001314 Prepaid Local Franchise Taxes	77,770	77,770				
17	1650014 FAS 158 Qual Contra Asset	(98,464,008)	(98,464,008)				
18	1650016 FAS 112 ASSETS	0					
19	1650021 Prepaid Insurance - EIS	911,253			418,294	492,959	911,253
20	1650023 Prepaid Leases	116,981	116,981				
21	1650029 Future Wetland Credits - Long Term	300,000	300,000				
22	1650031 Prepaid OCIP Work Comp	793,388	793,388				
23	1650032 Prepaid OCIP Work Comp-Long Term	100,740	100,740				
24	1650033 Prepaid OCIP Work Comp-Affiliated	613,476	613,476				
25	1650034 Prepaid OCIP Work Comp-Affiliated Long Term	76,056	76,056				
26	1650035 PRW Without MED-D Benefits	(2,924,279)	(2,924,279)				
27	1650036 PRW for Med-D Benefits	9,901,710					
28	1650037 FAS158 Contra-PRW Exclude Med-D	(6,977,431)	(6,977,431)				
29	<b>Subtotal - Form 1, p 111.57.c</b>	<b>14,033,288</b>	<b>(87,634,569)</b>	<b>0</b>	<b>1,881,347</b>	<b>99,786,509</b>	<b>101,667,856</b>

<b>Prepayments Account 165 - Balance @ 12/31/2013</b>							
Acc. No.	Description	2013 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
31	1650001 Prepaid Insurance	1,360,202			719,611	640,592	1,360,202
32	1650004 Prepaid Interest	0					
33	1650005 Prepaid Employee Benefits	0					
34	1650006 Other Prepayments	11,220,046	11,220,046				
35	1650009 Prepaid Carry Cost	88,744	88,744				
36	1650010 Prepaid Pension Benefits	105,717,110				105,717,110	105,717,110
37	165001113 Prepaid Sales Taxes	724,800			724,800		724,800
38	165001213 Prepaid Use Taxes	5	5				
39	1650014 FAS 158 Qual Contra Asset	(105,717,110)	(105,717,110)				
40	1650016 FAS 112 ASSETS	0					
41	1650021 Prepaid Insurance - EIS	943,517			479,971	463,546	943,517
42	1650023 Prepaid Leases	24,000	24,000				
43	1650029 Future Wetland Credits - Long Term	300,000	300,000				
44	<b>Subtotal - Form 1, p 111.57.d</b>	<b>14,661,315</b>	<b>(94,084,319)</b>	<b>0</b>	<b>1,924,381</b>	<b>106,821,247</b>	<b>108,745,629</b>



AEP West SPP Member Companies  
 2015 Cost of Service Formula Rate  
**Worksheet E - IPP Credits**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2014</u>
1	Net Funds from IPP Customers @ 12/31/2013 (2014 FORM 1, P269, (B))	66,849,488
2	Interest Accrual (company records)	1,957,016
3	Revenue Credits to Generators (company records)	(11,811,982)
4		
	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	
6		
7	Net Funds from IPP Customers 12/31/2014 (2014 FORM 1, P269, (F))	56,994,522
8	Average Balance for 2014 ((ln 1 + ln 7)/2)	61,922,005



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

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

ROE w/o incentives (Projected TCOS, In 149)			11.20%
Project ROE Incentive Adder (Enter as whole number)		0	basis points
ROE with additional 0 basis point incentive			11.20% <==Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 147 through 149)			
	%	Cost	Weighted cost
Long Term Debt	49.75%	0.0557	0.0277
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.25%	0.1120	0.0563
		R =	0.0840

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

Rate Base (Projected TCOS, In 75)	650,570,577
R (from A. above)	0.0840
Return (Rate Base x R)	54,637,501

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

Return (from B. above)	54,637,501
Tax Rate (Projected TCOS, In 109)	38.09%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	41.23%
Income Tax Calculation (Return x EIT)	22,524,335
ITC Adjustment (Projected TCOS, In 116)	(379,265)
Income Taxes	22,145,071

**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)	143,051,810
Return (Projected TCOS, In 118)	54,637,501
Income Taxes (Projected TCOS, In 117)	22,145,071
Gross Margin Taxes (Projected TCOS, In 122)	403,860
Net Revenue Requirement, Less Return and Taxes	65,865,378

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

Net Revenue Requirement, Less Return and Taxes	65,865,378
Return (from I.B. above)	54,637,501
Income Taxes (from I.C. above)	22,145,071
Net Revenue Requirement, with 0 Basis Point ROE increase	142,647,950
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	403,860
Revenue Requirement w/ Gross Margin Taxes	143,051,810
Less: Depreciation (Projected TCOS, In 95)	27,464,865
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	115,586,945

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

Net Revenue Requirement before Gross Margin Taxes, with 0 Basis Point ROE increase (II B. above)	142,647,950
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	57,530,294
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	40,271,206
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	402,712
Gross-up Required for Gross Margin Tax Expense	1,148
Total Additional Gross Margin Tax Revenue Requirement	403,860

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	877,621,345
Net Revenue Requirement, with 0 Basis Point ROE increase	142,647,950
FCR with 0 Basis Point increase in ROE	16.25%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	115,586,945
FCR with 0 Basis Point ROE increase, less Depreciation	13.17%
FCR less Depreciation (Projected TCOS, In 12)	13.17%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

**III. Calculation of Composite Depreciation Rate**

Transmission Plant @ Beginning of Period (P.206, In 58)	1,164,661,669	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,300,777,651	<==From Input on Worksheet B
	2,465,439,320	
Transmission Plant Average Balance for 2014	1,232,719,660	
Annual Depreciation Expense (Historic TCOS, In 246)	29,100,387	
Composite Depreciation Rate	2.36%	
Depreciable Life for Composite Depreciation Rate	42.36	
Round to nearest whole year	42	

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS				
PROJECTED YEAR	2015	Rev Require	W Incentives	Incentive Amounts
		57,420,139	57,420,139	\$ -

**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  
 2015 Cost of Service Formula Rate Projected on 2014 FF1 Balances  
**Worksheet G** - Calculation of TRUED-UP Annual Revenue Requirement for BPU and Special-billed Projects  
 Based on a Carrying Charge Derived from Trued-Up 2014 Data  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

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

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

ROE w/o incentives (True-Up TCOS, In 136)	11.20%		
Project ROE Incentive Adder (Enter as whole number)	0 basis points		
ROE with additional 0 basis point incentive	11.20% <=Incentive ROE Cannot Exceed 12.45%		
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 134 through 136)			
	%	Cost	Weighted cost
Long Term Debt	49.37%	0.0564	0.0278
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.63%	0.1120	0.0567
		R =	0.0845

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

Rate Base (True-Up TCOS, In 63)	565,136,314
R (from A. above)	0.0845
Return (Rate Base x R)	47,769,544

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

Return (from B. above)	47,769,544
Tax Rate (True-Up TCOS, In 96)	38.09%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	41.27%
Income Tax Calculation (Return x EIT)	19,715,897
ITC Adjustment (True-Up TCOS, In 103)	(361,344)
Income Taxes	19,354,554

**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)	132,129,965
Return (True-Up TCOS, In 105)	47,769,544
Income Taxes (True-Up TCOS, In 104)	19,354,554
Gross Margin Taxes (True-Up TCOS, In 109)	373,026
Net Revenue Requirement, Less Return and Taxes	64,632,841

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

Net Revenue Requirement, Less Return and Taxes	64,632,841
Return (from I.B. above)	47,769,544
Income Taxes (from I.C. above)	19,354,554
Net Revenue Requirement, with 0 Basis Point ROE increase	131,756,938
Gross Margin Tax with Basis Point ROE Increase (II C. below)	373,026
Revenue Requirement w/ Gross Margin Taxes	132,129,965
Less: Depreciation (True-Up TCOS, In 83)	27,369,147
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	104,760,818

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

Net Revenue Requirement before Gross Margin Taxes, with 0	131,756,938
Basis Point ROE increase (II B. above)	
Apportionment Factor to Texas (Worksheet K, In 12)	40.33%
Apportioned Texas Revenues	53,137,921
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	37,196,544
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	371,965
Gross-up Required for Gross Margin Tax Expense	1,061
Total Additional Gross Margin Tax Revenue Requirement	373,026

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

Net Transmission Plant (True-Up TCOS, In 39)	770,733,898
Net Revenue Requirement, with 0 Basis Point ROE increase	132,129,965
FCR with 0 Basis Point increase in ROE	17.14%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	104,760,818
FCR with 0 Basis Point ROE increase, less Depreciation	13.59%
FCR less Depreciation (True-Up TCOS, In 12)	13.59%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

**III. Calculation of Composite Depreciation Rate**

Transmission Plant @ Beginning of Period (P.206, In 58)	1,164,661,669	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,300,777,651	<==From Input on Worksheet B
	2,465,439,320	
Transmission Plant Average Balance for 2014	1,232,719,660	
Annual Depreciation Expense (True-Up TCOS, In 83)	29,100,387	
Composite Depreciation Rate	2.36%	
Depreciable Life for Composite Depreciation Rate	42.36	
Round to nearest whole year	42	

SUMMARY OF TRUED-UP ANNUAL REV. REQ. FOR SPP BPU & NON-BPU PROJECTS					
TRUE-UP YEAR	2014	Rev Require	W Incentives	Incentive Amounts	
Σ Prior Year Projected (WS-F)	\$	44,179,672	\$	44,179,672	\$ -
Σ Prior Year True-Up (WS-G)	\$	44,105,038	\$	44,105,038	\$ -
True-up Adjustment For 2014		(74,635)		(74,635)	-

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

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

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet H** - Revenue Credits for Historic Period  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

Revenue Credits for

	Total Company	Non- Transmission	Transmission
<b>I. Account 450, Forfeited Discounts</b>	4,939,147	4,939,147	
<b>II. Account 451, Miscellaneous Service Revenues</b>	2,681,834	2,681,834	
<b>III. Account 454, Rent from Electric Property</b>			
1 Account 4540001 - Rent from Elect Property-Aff	1,782,477	1,782,477	
2 Account 4540002 - Rent from Elect Property - Non-Aff	3,205,744	3,162,835	42,909
3 Account 4540005 - Rent from Elect Property - Pole Attach	47,873	47,873	
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	4,209,431	4,209,431	
5 Total Rents from Electric Property	9,245,526		42,909
( Revenue related to transmission facilities for pole attachments, rentals, etc. Provide data sources and explanations in Section VIII, Notes below )			
<b>IV. Account 4560015, Revenues from Associated Business Development</b>			
1 Account 4560015, Revenues from Associated Business Development	832,302		52,141
<b>V. Total Other Operating Revenues To Reduce Revenue Requirement</b>			95,050
<b>VI. Account 456.1, Revenues from Transmission of Electricity of Others</b>			65,714,089
( Provide data sources and any detailed explanations necessary in Section VIII Notes below )			
<b>Less:</b>			
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			1,197,683
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			34,005,635
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			
7 Distribution and Other Non-Transmission Revenue			525,492
8 Revenue from SPP Ancillary Services Provided			2,107,287
9 Base Plan Revenue (from SPP)			20,183,649
10 Flow Through of ERCOT Ancillary Charges			
11 Other			
		<b>Net Transmission Credits</b>	\$7,694,343
<b>VII. Total Worksheet A Revenue Credits</b>			\$7,789,393

**VIII. Data Sources:**

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

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet I - Supporting Transmission Expense Adjustments**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

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

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

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



AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet J - Allocation of Specific O&M or A&G Expenses**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

<u>Line Number</u>	<u>FERC Acct No.</u>	<u>Description</u>	<u>2014 Expense</u>	<u>100% Non-Transmission</u>	<u>100% Transmission Specific</u>	<u>Explanation</u>
<b>Account 926</b>						
<b>2007 Base Year OPEB Expense (Note 1)</b>						
1	9260021	Postretirement Benefits - OPEB	7,852,189			
2	9260057	Postret Ben Medicare Subsidy	(2,175,142)			
3		OPEB Billed From Service Corporation	496,027			
4		Net 2007 Base Year Expense	6,173,074			
<b>2014 Current Year Expense</b>						
6	9260021	Postretirement Benefits - OPEB	(6,887,216)			
7	9260057	Postret Ben Medicare Subsidy	1,012,996			
8		OPEB Billed From Service Corporation	597,124			
9		Net 2014 Expense	(5,277,096)			
10		<b>Net Increase (Decrease) in OPEB Expense</b>	<b>(11,450,170)</b>	This Amount Is Allocated on Wages & Salaries		
<b>Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.</b>						
<b>Account 928</b>						
11	9280000	Regulatory Commission Exp	14,333	14,333		
12	9280001	Reg Commission Expense - OCC Annual Fees	35,363	35,363		FERC Annual Assessment
13	9280002	Reg Commission Exp - Labor Accruals	8,557	6,828	1,729	Labor accruals - for various depts
14	9280002	Reg Commission Exp - Case	19,064	19,064		EECRF Filing-SWEPCO Tx Distribution
15	9280002	Reg Commission Exp - Case	62,500	59,987	2,513	Misc Filing
16	9280002	Reg Commission Exp - Case	64	53	11	To accumulate costs to support an Arkansas rate case for SWEPCo.
17	9280002	Reg Commission Exp - Case	5,055	5,055		To accumulate costs associated with an Energy Efficiency Rulemaking for SWEPCO Arkansas.
18	9280002	Reg Commission Exp - Case	970	970		To accumulate AEPSC costs in connection with the preparation and filing of the 2015 Louisiana Integrated Resource Plan IRP .
19	9280002	Reg Commission Exp - Case	50	47	3	General Culture Initiative
20	9280002	Reg Commission Exp - Case	19,280	19,280		SWEPCO EECRF Filing
21	9280002	Reg Commission Exp - Case	1,234		1,234	Transmission Formula Rate Updates
22	9280002	Reg Commission Exp - Case	129,961	129,961		2009 TX Filing - Fuel Rec
23	9280002	Reg Commission Exp - Case	6,399	6,396	2	2009 TX Rate Filing
24	9280002	Reg Commission Exp - Case	46,282	39,404	6,878	SWEPCO TX Rate Case filing
25	9280002	Reg Commission Exp - Case	6,664	5,397	1,267	To accumulate operating company costs in connection with preparation and filing of a 2015 SWEPCO Arkansas Base Rate Case.
26	9280002	Reg Commission Exp - Case	17	17		Rate Case Support - SWEPCO Turk CWIP Case 2010.
27	9280002	Reg Commission Exp - Case	-4,299	-4,299		Rate Case Support - SWEPCO Turk CWIP Case 2011.
28	9280002	Reg Commission Exp - Case	392,673		392,673	This work order will accumulate charges for the TCRF for SWEPCo transmission.
29	9280002	Reg Commission Exp - Case	57,868	46,372	11,496	SWEPCO Tx Rate Case Exp 2014
30	9280002	Reg Commission Exp - Case	54,018	54,018		SWEPCO Tx 2014 Filing - Fuel Rec
31	9280002	Reg Commission Exp - Case	447	447		SWEPCO Energy Efficiency Cost Recovery Factors
32	9280003	Rate Case Amort	10,568	10,568		Rate Case Amortization
33		<b>Total (FF1, pg. 323)</b>	<b>867,068</b>	<b>449,261</b>	<b>417,807</b>	
<b>Account 930.1</b>						
34	9301000	General Advertising Expenses	72,637	72,637	0	
35	9301001	Newspaper Advertising Space	20,345	20,345	0	
36	9301002	Radio Station Advertising Time	9,662	9,662	0	
37	9301003	TV Station Advertising Time	2,550	2,550	0	
38	9301006	Spec Corporate Comm Info Proj	0	0	0	
39	9301008	Direct Mail and Handouts	0	0	0	
40	9301009	Fairs, Shows, and Exhibits	0	0	0	
41	9301010	Publicity	5,446	5,446	0	
42	9301011	Dedications, Tours, & Openings	0	0	0	
43	9301012	Public Opinion Surveys	23,755	23,755	0	
44	9301013	Movies Slide Films & Speeches	0	0	0	
45	9301014	Video Communications	0	0	0	
46	9301015	Other Corporate Comm Exp	27,502	27,502	0	
47		<b>Total (FF1, pg. 323)</b>	<b>161,896</b>	<b>161,896</b>	<b>-</b>	
<b>Account 930.2</b>						
48	9302000	Misc General Expenses	770,935	770,935	0	
49	9302003	Corporate & Fiscal Expenses	115,143	115,143	0	
50	9302004	Research, Develop&Demonstr Exp	9,137	9,137	0	
51	9302006	Assoc Bus Development - Materials Sold-Trans	1	1	1	
52	9302006	Assoc Bus Development - Materials Sold-Non Trans	24,332	24,332	0	
53	9302007	Assoc Business Development Exp - Transmission	95,509	0	95,509	
54	9302007	Assoc Business Development Exp - Non-Transmission	377,095	377,095	0	
55	9302458	AEPSC Non Affiliated expenses	0	0	0	
56	9270000	Franchise Requirements	0	0	0	
49		<b>Total (FF1, pg. 323)</b>	<b>1,392,152</b>	<b>1,296,643</b>	<b>95,510</b>	

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet K - Development of Composite State Income Tax Rate**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

**I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2014**

State Income Tax Rate - Louisiana	8.00%	
Apportionment Factor	37.40%	
Effective Louisiana State Income Tax Rate		2.9920%
State Income Tax Rate - Arkansas	6.50%	
Apportionment Factor	24.06%	
Effective Arkansas State Income Tax Rate		1.5637%
State Income Tax Rate - Oklahoma	5.66%	Note 1
Apportionment Factor	0.20%	
Effective Oklahoma State Income Tax Rate		0.0112%
State Income Tax Rate - Texas	0.95%	
Apportionment Factor	19.42%	
Effective Texas State Income Tax Rate		0.1845%
State Income Tax Rate - Nebraska	5.58%	
Apportionment Factor	0.03%	
Effective Nebraska State Income Tax Rate		0.0019%
Total Effective State Income Tax Rate		<u>4.7533%</u>

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

**II. CALCULATION OF TEXAS GROSS MARGIN TAX**

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		683,980,832	142,647,950	679,438,214	135,719,186	685,421,929	131,756,938
1	Apportionment Factor to Texas (In12)	40.33%	40.33%	40.33%	40.33%	40.33%	40.33%
2	Apportioned Texas Revenues	\$275,851,273	\$57,530,294	\$274,019,223	\$54,735,905	\$276,432,471	\$53,137,921
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	193,095,891	40,271,206	191,813,456	38,315,134	193,502,729	37,196,544
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	1,930,959	402,712	1,918,135	383,151	1,935,027	371,965
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	5,506	1,148	5,470	1,093	5,518	1,061
8	Total Additional Gross Margin Tax Revenue Requirement	<u>1,936,465</u>	<u>403,860</u>	<u>1,923,605</u>	<u>384,244</u>	<u>1,940,545</u>	<u>373,026</u>
9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)						
10	Texas Jurisdictional Load	1,270,000	KW				
11	Total Load	3,149,000	KW				
12	Allocation Percentage (In 10 / In 11)	<u>40.33%</u>					

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet L - Taxes Other than Income**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

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

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	<b>Revenue Taxes</b>					
2	TX Gross Receipts/OH CAT Tax	5,743,130				5,743,130
3	<b>Real Estate and Personal Property Taxes</b>					
4	Oklahoma Ad Valorum	375,866	375,866			
5	Arkansas Ad Valorum	10,769,751	10,769,751			
6	Louisiana Ad Valorum	18,982,126	18,982,126			
7	Texas Ad Valorum	18,052,345	18,052,345			
8	<b>Payroll Taxes</b>					
9	Federal Insurance Contribution (FICA )	6,678,591		6,678,591		
10	Federal Unemployment Tax	44,940		44,940		
11	State Unemployment Insurance	196,010		196,010		
12	<b>Production Taxes</b>					
13		-				-
14		-				-
15	<b>Miscellaneous Taxes</b>					
16	Federal Excise Tax	6,320				6,320
17	LA State Franchise	3,693,638			3,693,638	
18	DE State Franchise	232,202			232,202	
19	AR State Franchise				-	
20	Ok State Franchise Tax				-	
21	Ok State License	20			20	
22	AR State License	155			155	
23	NE State License	17,060			17,060	
24	DE State License	36			36	
25	LA State License				-	
26	AR Local Franchise				-	
27	TX Local Franchise	9,376,354			9,376,354	
28	TX State Franchise				-	
29	LA Local Franchise	8,026,266			8,026,266	
30	AR Sales & Use Tax	45,424			45,424	
31	LA Sales & Use Tax	636				636
32	NE Sales & Use Tax					-
33	Ok Sales & Use Tax	21				21
34	TX Sales & Use Tax	1,429				1,429
35	TX PUC	996,866			996,866	
36	LA Insp & Cntrl Fees				-	
37	State Licence Registration	35			35	
38	LA PUC	434,575			434,575	
39	AR PUC	611,255			611,255	
40	DE Misc State and Local	(40)			(40)	
41	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	84,285,011 84,285,011	48,180,088	6,919,541	23,433,846	5,751,536

AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
**Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2014**  
**SOUTHWESTERN ELECTRIC POWER COMPANY**

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<b><u>Long Term Debt (FF1.p. 256-257.h)</u></b>				
1				
2	TX Local Bank Facility FERC Auth ES 14-24-000	100,000,000	Var	837,448 p257.1 L12(h)
3			-	
4	<b><u>Pollution Control Bonds</u></b>			
5	PCRB - Parish of DeSoto, LA - Series 2010	53,500,000	3.25%	1,738,750 p257 L8(h)
6	PCRB - Sabine River - Series 2006 - 4.95%	81,700,000	4.95%	4,044,150 p257 L17(h)
7			-	
8	<b><u>Senior Unsecured Notes</u></b>			
9	Senior Unsecured Notes - Series C	100,000,000	5.375%	5,375,000 p257 L11(h)
10	Senior Unsecured Notes - Series D	150,000,000	4.90%	7,350,000 p257 L14(h)
11	Senior Unsecured Notes - Series E	250,000,000	5.55%	13,875,000 p257 L20(h)
12	Senior Unsecured Notes - Series F	300,000,000	5.875%	17,625,000 p257 L25(h)
13	Senior Unsecured Notes - Series G	400,000,000	6.45%	25,800,000 p257 L28(h)
14	Senior Unsecured Notes - Series H	350,000,000	6.20%	21,700,000 p257.1 L3(h)
15	Senior Unsecured Notes - Series I	275,000,000	3.55%	9,762,500 p257.1 L6(h)
<b><u>Issuance Discount, Premium, &amp; Expenses:</u></b>				
16	Financial Hedges & Auction Fees	FF1.p.256 & 257.i Lines Described as Hedges or Fees		3,487,665 p257.1,Ln9 p257,Ln23
17	Amort of Debt Discount and Expenses	FF1.p. 117.63.c (or WS-N Ln 15)		1,938,322
18	Less: Amor of Debt Premiums	FF1.p. 117.65.c (or WS-N Ln 17)		-
<b><u>Reacquired Debt:</u></b>				
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)		11,112
21	<b>Total Interest on Long Term Debt</b>	<b>2,060,200,000</b>	<b>5.57%</b>	<b>114,735,905</b>
<b><u>Preferred Stock (FF1.p. 250-251)</u></b>				
<b><u>Preferred Balance Outstanding</u></b>				-
				-
				-
22	<b>Dividends on Preferred Stock</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>



AEP West SPP Member Companies  
 Cost of Service Formula Rate Using 2014 FF1 Balances  
 SOUTHWESTERN ELECTRIC POWER COMPANY

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

(A)	(B)	(C)	(D)	(E)
Line		<u>Balances @</u> <u>12/31/2014</u>	<u>Balances @</u> <u>12/31/2013</u>	<u>Average</u>
<b><u>Development of Average Balance of Common Equity</u></b>				
1	Total Proprietary Capital (p. 112.16.c&d)	2,096,786,466	2,055,439,065	2,076,112,766
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	23,735,635	21,517,257	22,626,446
4	Less Account 219.1 (p. 112.15.c&d)	(7,468,023)	(8,446,167)	(7,957,095)
5	<b>Average Balance of Common Equity</b>	2,080,518,854	2,042,367,975	<b>2,061,443,415</b>
<b><u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u></b>				
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)	2,060,200,000	1,960,200,000	2,010,200,000
10	<b>Total Average Debt</b>	2,060,200,000	1,960,200,000	<b>2,010,200,000</b>
11	<b>Annual Interest Expense for 2014</b>			
12	Coupon Interest on Long Term Debt (256-257.33.i)			111,595,513
13	Less: Financial Hedge (Gain)/Expense from Ln 26 Included in Ln 12			3,487,665
14	Plus: Allowed Hedge Recovery from Ln 30 below			2,035,822
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,938,322
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,213,182
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			11,112
19	<b>Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)</b>			<b>113,284,062</b>
20	<b>Average Cost of Debt for 2015 (Ln 19/Ln 10)</b>			<b>5.64%</b>
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257			
22	SUN Series I 3.55% Financial Hedge (p257.1/Ln9)			2,212,653
23	SUN Series 5.55% Financial Hedge (p257/Ln23)			1,275,012
24				
25				
26	Total Hedge Amortization			3,487,665
27	Total Average Capital Balance for 2014 (Actual TCOS, Ln 137)			4,071,643,415
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable (Gain)/Expense Amount			2,035,822
30	<b>Recoverable Hedge Amortization</b>			<b>2,035,822</b>
	<i>(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			
<b><u>Development of Cost of Preferred Stock</u></b>				
	<b>Preferred Stock</b>			<b>Average</b>
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	<b>Balance of Preferred Stock (Lns 34, 39, 44)</b>	-	-	-
47	<b>Dividends on Preferred Stock (Lns 35, 40, 45)</b>	-	-	-
48	<b>Average Cost of Preferred Stock (Ln 47/46)</b>	0.00%	0.00%	<b>0.00%</b>