

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
A. AEP Network Integration Transmission Service (NITS)					
1	REVENUE REQUIREMENT (w/o incentives)	(TCOS Line 1)	#DIV/0!	#DIV/0!	#DIV/0!
2	LESS: REVENUE CREDITS	(TCOS Line 5)	-	\$0	\$0
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6)	#DIV/0!	#DIV/0!	#DIV/0!
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			#DIV/0!	#DIV/0!
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7)	-	-	-
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
8	SUBTOTAL		-	-	-
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	#DIV/0!	#DIV/0!	#DIV/0!
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(TCOS Line 15)	-	-	-
11	EXISTING ZONAL ATRR FOR SPP OATT ATTACHMENT H, SEC. 1, COL. 3	(Ln 9 + Ln 10)	#DIV/0!	#DIV/0!	#DIV/0!
12	2014 Historic AEP West Zone 1 SPP Average 12-Mo. Peak Demand, MW	(Load WS, ln 18)	-	-	-
13	AEP Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) / 12	#DIV/0!	#DIV/0!	#DIV/0!
B. Point-to-Point Service					
14	Annual Point-to-Point Rate in \$/MW - Year	(Line 11 / Line 12)	#DIV/0!	#DIV/0!	#DIV/0!
15	Monthly Point-to-Point Rate in \$/MW - Month	(Line 14 / 12)	#DIV/0!	#DIV/0!	#DIV/0!
16	Weekly Point-to-Point Rate in \$/MW - Weekly	(Line 14 / 52)	#DIV/0!	#DIV/0!	#DIV/0!
17	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 260)	#DIV/0!	#DIV/0!	#DIV/0!
18	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 365)	#DIV/0!	#DIV/0!	#DIV/0!
19	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 4160)	#DIV/0!	#DIV/0!	#DIV/0!
20	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 8760)	#DIV/0!	#DIV/0!	#DIV/0!

AEP Transmission Formula Rate Template
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For rates effective July 1, 2015

SPP SCHEDULE 1 AEP Revenue Requirements

Line No.		AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A. Schedule 1 ARR For 2015 Projected Year				
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)	\$0	\$0	\$0
2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)	\$0		
3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)	\$0		
4	Total 561 Internally Developed Costs	(Line 1 - Line 2 - Line 3) \$0	\$0	\$0
5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)	-		
6	PROJECTED ZONAL ARR FOR 2015	(Line 4 - Line 5) \$0	\$0	\$0
			#DIV/0!	#DIV/0!
B. Schedule 1 Projected 7/1/2015 Rate Calculations				
7	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 18)	- MW	
8	Annual Point-to-Point Rate in \$/MW - Year	(Line 6 / Line 7)	#DIV/0!	
9	Monthly Point-to-Point Rate (ln 8 / 12) \$/MW - Month	(Line 8 / 12)	#DIV/0!	
10	Weekly Point-to-Point Rate (ln 8 / 52) \$/MW - Weekly	(Line 8 / 52)	#DIV/0!	
11	Daily Off-Peak Point-to-Point Rate (ln 8 / 365) \$/MW - Day	(Line 8 / 365)	#DIV/0!	
12	Hourly Off-Peak Point-to-Point Rate (ln 8 / 8760) \$/MW - Hour	(Line 8 / 8760)	#DIV/0!	

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

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

Line No.			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
1	TRUE-UP YEAR 2014 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	#DIV/0!	#DIV/0!	#DIV/0!
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	-	\$0	\$0
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	#DIV/0!	#DIV/0!	#DIV/0!
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			#DIV/0!	#DIV/0!
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	-	-	-
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
8	SUBTOTAL		-	-	-
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	#DIV/0!	#DIV/0!	#DIV/0!
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-	-
11	TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2014	(Line 9 + Line 10)	#DIV/0!	#DIV/0!	#DIV/0!
12	2014 Historic AEP West Zone SPP Average 12-Mo. Peak Demand, MW	(Load WS, In 18)	-	-	-
13	Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) /12	#DIV/0!	#DIV/0!	#DIV/0!

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)	
				<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</u>	<u>Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR (WS-F)</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (True-Up, Billing, & Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2015</u>
P.001	PSO		Riverside-Glenpool (81-523) Reconductor	2009													
P.002	PSO		Craig Jct. to Broken Bow Dam 138 Rebuild (7.7mi)	2009													
P.003	PSO		WFEC New 138 kV Ties: Sayre to Erick (WFEC) Line & Atoka and Tupelo station work	2009													
P.004	PSO		Cache-Snyder to Altus Jct. 138 kV line (w/2 ring bus stations)	2008													
P.005	PSO		Catoosa 138 kV Device (Cap. Bank)	2006													
P.006	PSO		Pryor Junction 138/69 Upgrade Transf	2008													
P.007	PSO		Elk City - Elk City 69 kV line (CT Upgrades)*	2007													
P.008	PSO		Weleetka & Okmulgee Wavetrap replacement 81-805*	2006													
P.009	PSO		Tulsa Southeast Upgrade (repl switches)*	2007													
P.010	PSO		Wavetrap Clinton City-Foss Tap 69kV Ckt 1*	2010													
P.011	PSO		Bartlesville SE to Coffeyville T Rebuild	2011													
P.012	PSO		Canadian River - McAlester City 138 kV Line Conversion	2012													
P.013	PSO		CoffeyvilleT to Dearing 138 kv Rebuild - 1.1 mi*	2010													
P.014	PSO		Ashdown West - Craig Junction	2013													
P.015	PSO		Locust Grove to Lone Star 115 kV Rebuild 2.1 miles	2014													
P.016	PSO		Cornville Station Conversion	2014													
P.017	PSO		Grady Customer Connection	2015													
P.018	PSO		Darlington-Red Rock 138 kV line	2014													
PSO Total																	
*<\$100K investment																	
Informational ONLY																	
SWEPCO Total					-	-	-	-	-	-	-	-	-	-	-	-	-
AEP TOTALS					-	-	-	-	-	-	-	-	-	-	-	-	-

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>Sheet Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (Forecast, Billing, & Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2015</u>
S.001	SWE	Arsenal Hill Auto xfmr & AH to Water Works line	2009		-											
S.002	SWE	SW Shreveport (sub work & tap)	2009		-											
S.003	SWE	[NW Ark Area Improve - 2009] E. Centerton-Flint Crk, E Rogers-N Rogers, Centerton	2009		-											
S.004	SWE	Rebuild N. Magazine - Danville 161 kV Line	2009		-											
S.005	SWE	[Greenwood, AR Area Improve] N Huntington, Greenwood, Reeves, Bonanza	2009		-											
S.006	SWE	Port Robson-Caplis Line (SW 138 kV Loop -- 2009)	2009		-											
S.007	SWE	Linwood 138 Station Switch Replacement*	2009		-											
S.008	SWE	Dyess to S. Fayetteville 69 kV Convert to 161 kV (multi-projects)	2008		-											
S.009	SWE	Northwest Texarkana-Bann-Alumax Tap 138kV -- reconductor	2008		-											
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		-											
S.013	SWE	Carthage REC - Carthage T 138 kV	2006		-											
S.014	SWE	NW Henderson - Oak Hill 138 kV line*	2007		-											
S.015	SWE	Arsenal Hill 138kV Device (Cap. Bank)	2007		-											
S.016	SWE	Daingerfield - Jenkins REC 69 kV CB Repl**	2008		-											
S.017	SWE	Linwood-McWillie 138 kV Rebuild	2008		-											
S.018	SWE	Port Robson (SW 138 kV Loop -- 2008)	2009		-											
S.019	SWE	Wallace Lake-Prt Robson-Red Point 138 kV Loop [NW Ark Area Improve - 2008] Elm Springs, East	2008		-											
S.020	SWE	Rogers, Shipe Road Stations	2008		-											
S.021	SWE	Reconductor 4 mi. of McNabb-Turk	2010		-											
S.022	SWE	Longwood: r&r switches, upgrade bus	2010		-											
S.023	SWE	Reconductor: Greggton-Lake Lamond & Quitman-Westwood 69 kV lines	2010		-											
S.024	SWE	Rebuild/reconductor Dyess-Elm Springs REC [Dyess Station-Flint Creek]	2010		-											
S.025	SWE	Replace switch at Diana*	2010		-											
S.026	SWE	Whitney repl CB and Switches	2011		-											
S.027	SWE	Linwood - Powell Street 138 kV	2012		-											
S.028	SWE	Bloomburg-Texarkana Plant Knox Lee - Pirkey 138 kV / Pirkey - Whitney 138 kV -	2012		-											
S.029	SWE	Replace Breaker, Wavetraps, and reset relays and CT's	2012		-											
S.030	SWE	NW Texarkana - Turk 345	2012		-											
S.031	SWE	Lone Star South - Pittsburg 138 kV - Replace Wavetraps, reset CT's and Relays	2012		-											
S.032	SWE	Howell-Kilgore 69 kV rebuild	2012		-											
S.033	SWE	Flint Creek-Shipe Road 345 kV Line	2012		-											
S.034	SWE	Bann - LS Ordnance - Hooks 69 kV - Rebuild 7.1 mi	2013		-											
S.035	SWE	Diana - Replace North Autotransformer #3	2013		-											
S.036	SWE	Osburn 161 kV Line Work	2013		-											
S.037	SWE	SW Shreveport to Spring Ridge REC 138 kV Line Rebuild	2013		-											

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 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 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)	(R) = (G) + (P)
				Projected ARR For 2015 From WS-F			True-Up ARR CY2014 From Worksheet G (includes adjustment for SPP Collections)									
				Base ARR					Incentive ARR					Total ADJUSTED Revenue Requirement Effective 7/1/2015		
Sheet Name	Owner	Project Description	Year in Service	Base ARR	Incentive	Total	TRUE-UP Adjustment (WS-G)	Projected ADJUSTED ARR from Prior Update	As Billed by SPP (for Prior Yr T-Service)	COLLECTION Adjustment	True-up	As Billed	Change	Interest	Total Adjustments (Forecast, Billing, & Interest)	
S.038	SWE	Eastex Switching Station - Whitney 138 kV Station - Rebuild 2.5 miles of 138 Kv	2013		-											
S.039	SWE	Ashdown West - Craig Junction 138KV Rebuild (tie w/PSO)	2013		-											
S.040	SWE	Rock Hill to Carthage 69 kV Rebuild 11.4 Miles	2014		-											
S.041	SWE	Broadmoor to Fern Street 69 kV Rebuild 1 mile	2014		-											
S.042	SWE	Northwest Henderson to Poynter 69 kV Rebuild 3.2 miles	2014		-											
S.043	SWE	Diana to Perdue 138 kV Rebuild 21.8 miles; Station Upgrades at Diana and Perdue	2014		-											
S.044	SWE	Pittsburg-Winnsboro-North Mineola	2007		-											
S.045	SWE	CHAMBER SPRINGS - TONTITOWN 161KV CKT 1	2007		-											
S.046	SWE	CHAMBER SPRINGS - TONTITOWN 345KV CKT 1	2008		-											
S.047	SWE	FULTON - HOPE 115KV CKT 1	2012		-											
S.048	SWE	MINEOLA - NORTH MINEOLA 69KV CKT 1	2010		-											
S.049	SWE	SUGAR HILL 138/69KV TRANSFORMER CKT 1	2011		-											
S.050	SWE	Dekalb-New Boston 69 kV	2015		-											
S.051	SWE	Hardy Street-Waterworks 69 kV	2015		-											
S.052	SWE	Red Oak (State Line)-North Huntington 69 kV	2015		-											
S.053	SWE	Mt. Pleasant - West Mt. Pleasant 69 kV Ckt 1)	2015		-											
S.054	SWE	Benteler - Port Robson 138 kV Ckt 1 and 2	2015		-											
SWEPCO Total					-											
*-<\$100K investment, **AI xfer, ***Non-BPU (to be removed from list in future).																
Informational ONLY																
PSO Total				-	-	-	-	-	-	-	-	-	-	-	-	-
AEP TOTALS				-	-	-	#	-	-	-	-	-	-	-	-	-

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	2/6/2014	3/3/2014	4/23/2014	5/22/2014	6/30/2014	7/7/2014	8/25/2014	9/4/2014	10/1/2014	11/18/2014	12/10/2014	12 Month Average MW	LRS
SPP Load Responsibility															
1	PSO (2)													-	#DIV/0!
2	SWEPCO (2)													-	#DIV/0!
3	AECC (3)													-	#DIV/0!
4	AECC-MISO													-	#DIV/0!
5	WFEC (3)													-	#DIV/0!
6	OMPA (3)													-	#DIV/0!
7	OG&E (3)													-	#DIV/0!
8	NTEC (3)													-	#DIV/0!
9	ETEC (3)													-	#DIV/0!
10	TEXLA (3)													-	#DIV/0!
11	Greenbelt (3)													-	#DIV/0!
12	Lighthouse (3)													-	#DIV/0!
13	Bentonville, AR (3)													-	#DIV/0!
14	Prescott, AR (Entergy) (3)													-	#DIV/0!
15	Minden, LA (Entergy) (3)													-	#DIV/0!
16	Hope, AR (3)													-	#DIV/0!
17	Coffeyville, KS (3)													-	#DIV/0!
18	Zone 1 - System Firm Peak Demands	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supporting Data															
19	PSO: PSO Native Load (2)														
20	KAMO														
21	GRDA load on PSO														
22	WFEC load on PSO														
23	Allen Holdenville														
23	PSO Load Responsibility	0	0	0	0	0	0	0	0	0	0	0	0	0	
24	SWEPCO: SWEPCO Native Load (2) (5)														
25	Dolet Hills Aux. Load (4)														
26	VEMCO (on Entergy/CLECO)														
27	VEMCO (SPA Hydro Replacement) (6)														
28	SWEPCO Load Responsibility	0	0	0	0	0	0	0	0	0	0	0	0	0	

Notes:

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

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator		Transmission Amount #DIV/0!
1	REVENUE REQUIREMENT (w/o incentives)	(In 119)				
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	\$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
5	Total Revenue Credits		-			\$ -
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				#DIV/0!
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.						
7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		-	DA	1.00000	\$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(In 1 / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				0.00%
10	Monthly Rate	(In 9 / 12)				0.00%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((In 1 - In 94) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				0.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((In 1 - In 94 - In 116 - In 117) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				0.00%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(1) <u>RATE BASE CALCULATION</u>	(2) <u>Data Sources</u> <u>(See "General Notes")</u>	(3) <u>TO Total</u> <u>NOTE D</u>	(4) <u>Allocator</u>	(5) <u>Total</u> <u>Transmission</u>
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	-	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA	0.00000
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 168)	-	DA	-
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.00000
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.00000
22	Distribution	(Worksheet A In 5.C)	-	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)	-	W/S	#DIV/0!
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	#DIV/0!
26	Intangible Plant	(Worksheet A In 9.C)	-	W/S	#DIV/0!
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	-		#DIV/0!
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	-	NA	0.00000
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA	0.00000
31	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
35	Plus: Additional Transmission Depreciation for 2015 (In 94)		-	TP1	0.00000
36	Plus: Additional General & Intangible Depreciation for (In 96+In 97)		-	W/S	#DIV/0!
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
38	Distribution	(Worksheet A In 16.C)	-	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)	-	W/S	#DIV/0!
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	#DIV/0!
42	Intangible Plant	(Worksheet A In 20.C)	-	W/S	#DIV/0!
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	-		#DIV/0!
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	-		-
46	Transmission	(In 18 + In 19 - In 31 - In 32)	-		-
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		-		-
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		-
49	Plus: Additional Transmission Depreciation for 2015 (-In 35)		-		-
50	Plus: Additional General & Intangible Depreciation for 2015 (-In 36)		-		#DIV/0!
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		-
52	Distribution	(In 22 + In 23 - In 38 - In 39)	-		-
53	General Plant	(In 24 + In 25 - In 40 - In 41)	-		#DIV/0!
54	Intangible Plant	(In 26 - In 42)	-		#DIV/0!
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	-		#DIV/0!
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)	-	DA	#DIV/0!
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & In 12.J)	-	DA	#DIV/0!
60	Account No. 190.1	(Worksheet C, In 19.C & In 21.J)	-	DA	#DIV/0!
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & In 30.J)	-	DA	-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	-		#DIV/0!
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	-		-
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP	0.00000
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S	#DIV/0!
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.00000
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S	#DIV/0!
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	-	GP(h)	0.00000
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA	0.00000
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	-		#DIV/0!
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	-	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		-		#DIV/0!

AEP West SPP Member Companies
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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	-		
77	Less: Total Account 561	(Note I) 321.84-92.b	-		
78	Less: Account 565	(Note J) 321.96.b	-		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	-	TP	0.00000
81	Administrative and General	323.197.b (Note K, M)	-		
82	Less: Acct. 924, Property Insurance	323.185.b	-		
83	Acct. 928, Reg. Com. Exp.	323.189.b	-		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	-	W/S	#DIV/0!
87	Plus: Acct. 924, Property Insurance	(In 82)	-	GP(h)	0.00000
88	Acct. 928 - Transmission Specific	Worksheet J In 29 10.(E) (Note L)	-	TP	0.00000
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34 24.(E) (Note L)	-	TP	0.00000
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43 33.(E) (Note L)	-	DA	1.00000
94	Less: PBOP Expense in Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	-	W/S	#DIV/0!
91	A & G Subtotal	(sum Ins 86 to 90 less In 94)	-		#DIV/0!
92	TOTAL O & M EXPENSE	(In 80 + In 91)	-		#DIV/0!
93	DEPRECIATION AND AMORTIZATION EXPENSE				
94	Transmission	336.7.f	-	TP	0.00000
95	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000
96	General	336.10.f	-	W/S	#DIV/0!
97	Intangible	336.1.f	-	W/S	#DIV/0!
98	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 94 to 97)	-		#DIV/0!
99	TAXES OTHER THAN INCOME	(Note N)			
100	Labor Related				
101	Payroll	Worksheet L, Col. D	-	W/S	#DIV/0!
102	Plant Related				
103	Property	Worksheet L, Col. C	-	GP(h)	0.00000
104	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000
105	Other	Worksheet L, Col. E	-	GP(h)	0.00000
106	TOTAL OTHER TAXES	(sum Ins 101 to 105)	-		#DIV/0!
107	INCOME TAXES	(Note O)			
108	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.56%		
109	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		0.00%		
110	where WCLTD=(In 146) and WACC = (In 149)				
111	and FIT, SIT & p are as given in Note O.				
112	$GRCF=1 / (1 - T) = (from In 108)$		1.6277		
113	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
114	Income Tax Calculation	(In 109 * In 117)	-		#DIV/0!
115	ITC adjustment	(In 112 * In 113)	-	NP(h)	0.00000
116	TOTAL INCOME TAXES	(sum Ins 114 to 115)	-		#DIV/0!
117	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 149)	-		#DIV/0!
118	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA	1.00000
119	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		-		#DIV/0!
120	(sum Ins 92, 98, 106, 116, 117, 118)		-		#DIV/0!
121	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	#DIV/0!
122	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		-		#DIV/0!

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF										
123	Total transmission plant	(In 18, 19, 20, 21)							-		
124	Less transmission plant excluded from SPP Tariff (Note Q)								-		
125	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)								-		
126	Transmission plant included in SPP Tariff	(In 123 - In 124 - In 125)							-		
127	Percent of transmission plant in SPP Tariff	(In 126 / In 123)						TP=	0.00000		
128	WAGES & SALARY ALLOCATOR (W/S)	(Note S)									
129	Production	354.20.b	Direct Payroll	0	Payroll Billed from AEP Service Corp.	0	Total	-	NA	0.00000	-
130	Transmission	354.21.b		0		0		-	TP	0.00000	-
131	Regional Market Expenses	354.22.b		0		0		-	NA	0.00000	-
132	Distribution	354.23.b		0		0		-	NA	0.00000	-
133	Other (Excludes A&G)	354.24,25,26.b		0		0		-	NA	0.00000	-
134	Total	(sum Ins 129 to 133)		0		0		0			-
135	Transmission related amount								W/S=	#DIV/0!	
136	WEIGHTED AVERAGE COST OF CAPITAL (WACC)										\$
137											-
138											-
139	Development of Common Stock:										-
140											-
141											-
142											-
143											-
144											-
145											-
146	Long Term Debt (Worksheet M, In. 17, col. (B))										-
147	Preferred Stock (Worksheet M, In. 21, col. (B))										-
148	Common Stock (In 144) (Note U)										-
149	Total (sum Ins 146 to 148)										-
150	Capital Structure Equity Limit (Note U)	52.5%									-

Capital Structure Percentages

	Actual	Cap Limit
Long Term Debt	0.00%	0.00%
Preferred Stock	0.00%	0.00%
Common Stock	0.00%	0.00%

Cost (Note T)	Weighted
-	0.0000
-	0.0000
11.2%	0.0000
WACC=	0.0000

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PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 118.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- ~~M 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.~~
- M The Post-Employment Benefits other than Pension ("PBOP") amount is included in the Administrative and General total, and is based on current year expense. For year XXXX, the amount is \$XXXXXX. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 108) multiplied by $(1/1-T)$. If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 5.48% (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 137) / long term debt (In 146). Preferred Stock cost rate = preferred dividends (In 138) / preferred outstanding (In 147). 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 #DIV/0!
151	REVENUE REQUIREMENT (w/o incentives)	(In 269)				
152	REVENUE CREDITS	(Note A)				
153	Transmission Credits	(Worksheet H)	-	DA	1.00000	\$ -
154	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
155	Total Revenue Credits		-			\$ -
156	REVENUE REQUIREMENT For All Company Facilities	(In 151 less In 155)				#DIV/0!
MEMO: The Carrying Charge Calculations on lines 159 to 164 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 157 is included in the total on line 156.						
157	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		-	DA	1.00000	\$ -
158	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
159	Annual Rate	(In 151 / In 196 x 100%)				0.00%
160	Monthly Rate	(In 159 / 12)				0.00%
161	NET PLANT CARRYING CHARGE ON LINE 159 , W/O DEPRECIATION (w/o incentives) (Note B)					
162	Annual Rate	((In 151 - In 244) / In 196 x 100%)				0.00%
163	NET PLANT CARRYING CHARGE ON LINE 161, W/O INCOME TAXES, RETURN (Note B)					
164	Annual Rate	((In 151 - In 244 - In 266 - In 267) / In 196 x 100%)				0.00%
165	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

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	(1)	(2)	(3)	(4)	(5)
Line No.	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
	GROSS PLANT IN SERVICE				
166	Production	(Worksheet A In 1.C)	-	NA 0.00000	-
167	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA 0.00000	-
168	Transmission	(Worksheet A In 3.C & Ln 276)	-	DA	-
169	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.00000	-
170	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
171	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
172	Distribution	(Worksheet A In 5.C)	-	NA 0.00000	-
173	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
174	General Plant	(Worksheet A In 7.C)	-	W/S #DIV/0!	#DIV/0!
175	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S #DIV/0!	#DIV/0!
176	Intangible Plant	(Worksheet A In 9.C)	-	W/S #DIV/0!	#DIV/0!
177	TOTAL GROSS PLANT	(sum Ins 166 to 176)	-	GP(h)= 0.000000 GTD= #DIV/0!	#DIV/0!
	ACCUMULATED DEPRECIATION AND AMORTIZATION				
178	Production	(Worksheet A In 12.C)	-	NA 0.00000	-
180	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA 0.00000	-
181	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1= 0.00000	-
182	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.00000	-
183	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
184	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Transmission Depreciation for 2015 (In 244)		N/A	TP1 0.00000	N/A
186	Plus: Additional General & Intangible Depreciation for 2015 (In 246+In 247)		N/A	W/S #DIV/0!	N/A
187	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
188	Distribution	(Worksheet A In 16.C)	-	NA 0.00000	-
189	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
190	General Plant	(Worksheet A In 18.C)	-	W/S #DIV/0!	#DIV/0!
191	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S #DIV/0!	#DIV/0!
192	Intangible Plant	(Worksheet A In 20.C)	-	W/S #DIV/0!	#DIV/0!
193	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 179 to 192)	-	NP(h)= 0.000000	#DIV/0!
	NET PLANT IN SERVICE				
194	Production	(In 166 + In 167 - In 179 - In 180)	-		-
196	Transmission	(In 168 + In 169 - In 181 - In 182)	-		-
197	Plus: Transmission Plant-in-Service Additions (In 170 - In 183)		N/A		N/A
198	Plus: Additional Trans Plant on Transferred Assets (In 171 - In 184)		N/A		N/A
199	Plus: Additional Transmission Depreciation for 2015 (-In 185)		N/A		N/A
200	Plus: Additional General & Intangible Depreciation for 2015 (-In 186)		N/A		N/A
201	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 187)		N/A		N/A
202	Distribution	(In 172 + In 173 - In 188 - In 189)	-		-
203	General Plant	(In 174 + In 175 - In 190 - In 191)	-		#DIV/0!
204	Intangible Plant	(In 176 - In 192)	-		#DIV/0!
205	TOTAL NET PLANT IN SERVICE	(sum Ins 195 to 204)	-	NP(h)= 0.000000	#DIV/0!
	DEFERRED TAX ADJUSTMENTS TO RATE BASE				
206	Account No. 281.1 (enter negative)	(Note E) 272-273.8.k	-	NA	-
208	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	-	DA	#DIV/0!
209	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	-	DA	#DIV/0!
210	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	-	DA	#DIV/0!
211	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
212	TOTAL ADJUSTMENTS	(sum Ins 207 to 211)	-		#DIV/0!
213	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
	WORKING CAPITAL				
214	Cash Working Capital	(Note F) (1/8 * In 230) (Note G)	-		-
216	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP 0.00000	-
217	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S #DIV/0!	#DIV/0!
218	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.00000	-
219	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S #DIV/0!	#DIV/0!
220	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	-	GP(h) 0.00000	-
221	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
222	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA 0.00000	-
223	TOTAL WORKING CAPITAL	(sum Ins 215 to 222)	-		#DIV/0!
224	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	-	DA 1.00000	-
225	RATE BASE (sum Ins 205, 212, 213, 223, 224)		-		#DIV/0!

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

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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
	OPERATION & MAINTENANCE EXPENSE				
226	Transmission	321.112.b			
227	Less: Total Account 561	(Note I) 321.84-92.b			
228	Less: Account 565	(Note J) 321.96.b			
229	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		-		
230	Total O&M Allocable to Transmission	(Ins 226 - 227 - 228 - 229)	-	TP 0.00000	-
231	Administrative and General	323.197.b (Note K, M)			
232	Less: Acct. 924, Property Insurance	323.185.b			
233	Acct. 928, Reg. Com. Exp.	323.189.b			
234	Acct. 930.1, Gen. Advert. Exp.	323.191.b			
235	Acct. 930.2, Misc. Gen. Exp.	323.192.b			
236	Balance of A & G	(In 231 - sum In 232 to In 235)	-	W/S #DIV/0!	#DIV/0!
237	Plus: Acct. 924, Property Insurance	(In 232)	-	GP(h) 0.00000	-
238	Acct. 928 - Transmission Specific	Worksheet J In 20 10.(E) (Note L)	-	TP 0.00000	-
239	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34 24.(E) (Note L)	-	TP 0.00000	-
240	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43 33.(E) (Note L)	-	DA 1.00000	-
241	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	-	W/S #DIV/0!	#DIV/0!
241	A & G Subtotal	(sum Ins 236 to 240 less In 241)	-		#DIV/0!
242	TOTAL O & M EXPENSE	(In 230 + In 241)	-		#DIV/0!
243	DEPRECIATION AND AMORTIZATION EXPENSE				
244	Transmission	336.7.f		TP 0.00000	-
245	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
246	General	336.10.f		W/S #DIV/0!	#DIV/0!
247	Intangible	336.1.f		W/S #DIV/0!	#DIV/0!
248	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 244 to 247)	-		#DIV/0!
249	TAXES OTHER THAN INCOME	(Note N)			
250	Labor Related				
251	Payroll	Worksheet L, Col. D	-	W/S #DIV/0!	#DIV/0!
252	Plant Related				
253	Property	Worksheet L, Col. C	-	GP(h) 0.00000	-
254	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA 0.00000	-
255	Other	Worksheet L, Col. E	-	GP(h) 0.00000	-
256	TOTAL OTHER TAXES	(sum Ins 251 to 255)	-		#DIV/0!
257	INCOME TAXES	(Note O)			
258	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		38.56%		
259	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		0.00%		
260	where WCLTD=(In 296) and WACC = (In 299)				
261	and FIT, SIT & p are as given in Note O.				
262	$GRCF=1 / (1 - T) = (from In 258)$		1.6277		
263	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)			
264	Income Tax Calculation	(In 259 * In 267)	-		#DIV/0!
265	ITC adjustment	(In 262 * In 263)	-	NP(h) 0.00000	-
266	TOTAL INCOME TAXES	(sum Ins 264 to 265)	-		#DIV/0!
267	RETURN ON RATE BASE (Rate Base*WACC)	(In 225 * In 299)	-		#DIV/0!
268	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA 1.00000	-
269	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		-		#DIV/0!
270	(sum Ins 242, 248, 256, 266, 267, 268)		-		#DIV/0!
271	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	#DIV/0!
272	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		-		#DIV/0!

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 165 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 230.
- 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 268.
- 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.~~
- M The Post-Employment Benefits other than Pension ("PBOP") amount is included in the Administrative and General total, and is based on current year expense. For year XXXX, the amount is \$XXXXXX. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- 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 258) 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 287) / long term debt (In 296). Preferred Stock cost rate = preferred dividends (In 288) / preferred outstanding (In 297). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator	Transmission Amount #DIV/0!
1	REVENUE REQUIREMENT (w/o incentives)	(ln 106)			
2	REVENUE CREDITS	(Note A)			
3	Transmission Credits	(Worksheet H)	-	DA 1.00000	\$ -
4	Assoc. Business Development	(Worksheet H)	-	DA 1.00000	\$ -
5	Total Revenue Credits		-		\$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)			#DIV/0!
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.					
7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives)	(Worksheet G)	-	DA 1.00000	\$ -
8	NET PLANT CARRYING CHARGE (w/o incentives)	(Note B)			
9	Annual Rate	(ln 1 / ln 39 x 100%)			0.00%
10	Monthly Rate	(ln 9 / 12)			0.00%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives)	(Note B)			
12	Annual Rate	((ln 1 - ln 82) / ln 39 x 100%)			0.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN	(Note B)			
14	Annual Rate	((ln 1 - ln 82 - ln 103 - ln 104) / ln 39 x 100%)			0.00%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's	(Note C) (Worksheet G)			-

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	-	NA 0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	-	NA 0.00000	-
18	Transmission	(Worksheet A In 3.E & Ln 113)	-	DA	-
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP 0.00000	-
20	Distribution	(Worksheet A In 5.E)	-	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)	-	W/S 0.00000	-
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S 0.00000	-
24	Intangible Plant	(Worksheet A In 9.E)	-	W/S 0.00000	-
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	-	GP(TU)= 0.00000	-
				GTD= #DIV/0!	
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	-	NA 0.00000	-
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	-	NA 0.00000	-
29	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1= 0.00000	-
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1= 0.00000	-
31	Distribution	(Worksheet A In 16.E)	-	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)	-	W/S 0.00000	-
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S 0.00000	-
35	Intangible Plant	(Worksheet A In 20.E)	-	W/S 0.00000	-
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	-		-
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	-		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	-		-
40	Distribution	(In 20 + In 21 - In 31 - In 32)	-		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	-		-
42	Intangible Plant	(In 24 - In 35)	-		-
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	-	NP(TU)= 0.00000	-
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	-	DA	#DIV/0!
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	-	DA	#DIV/0!
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	-	DA	#DIV/0!
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	-		#DIV/0!
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	-		-
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	-	TP 0.00000	-
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	-	W/S 0.00000	-
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU) 0.00000	-
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	-	W/S 0.00000	-
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	-	GP(TU) 0.00000	-
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA 1.00000	-
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	0	NA 0.00000	-
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	0		-
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	-	DA 1.00000	-
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		0		#DIV/0!

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	-		
65	Less: Total Account 561	(Note I) 321.84-92.b	-		
66	Less: Account 565	(Note J) 321.96.b	-		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	-	TP	0.00000
69	Administrative and General	323.197.b (Note K, M)	-		
70	Less: Acct. 924, Property Insurance	323.185.b	-		
71	Acct. 928, Reg. Com. Exp.	323.189.b	-		
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
74	Balance of A & G	(In 69 - sum In 70 to In 73)	-	W/S	0.00000
75	Plus: Acct. 924, Property Insurance	(In 70)	-	GP(TU)	0.00000
76	Acct. 928 - Transmission Specific	Worksheet J In 20 10.(E) (Note L)	-	TP	0.00000
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 34 24.(E) (Note L)	-	GP(TU)	0.00000
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 43 33.(E) (Note L)	-	DA	1.00000
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	-	W/S	0.00000
79	A & G Subtotal	(sum Ins 74 to 78 less In 79)	-		
80	TOTAL O & M EXPENSE	(In 68 + In 79)	-		
81	DEPRECIATION AND AMORTIZATION EXPENSE				
82	Transmission	336.7.f	-	TP	0.00000
83	General	336.10.f	-	W/S	0.00000
84	Intangible	336.1.f	-	W/S	0.00000
85	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 82 to 84)	-		
86	TAXES OTHER THAN INCOME	(Note N)			
87	Labor Related				
88	Payroll	Worksheet L, Col. D	-	W/S	0.00000
89	Plant Related				
90	Property	Worksheet L, Col. C	-	GP(TU)	0.00000
91	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000
92	Other	Worksheet L, Col. E	-	GP(TU)	0.00000
93	TOTAL OTHER TAXES	(sum Ins 88 to 92)	-		
94	INCOME TAXES	(Note O)			
95	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.56%		
96	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		#DIV/0!		
97	where WCLTD=(In 133) and WACC = (In 136)				
98	and FIT, SIT & p are as given in Note O.				
99	$GRCF=1 / (1 - T) = (from In 95)$		1.6277		
100	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
101	Income Tax Calculation	(In 96 * In 104)	#DIV/0!		#DIV/0!
102	ITC adjustment	(In 99 * In 100)	-	NP(TU)	0.00000
103	TOTAL INCOME TAXES	(sum Ins 101 to 102)	#DIV/0!		#DIV/0!
104	RETURN ON RATE BASE (Rate Base*WACC)	(In 63 * In 136)	#DIV/0!		#DIV/0!
105	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA	1.00000
106	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		#DIV/0!		#DIV/0!
107	(sum Ins 80, 85, 93, 103, 104, 105)				
108	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		#DIV/0!	DA	#DIV/0!
109	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		#DIV/0!		#DIV/0!

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

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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

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

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- 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.
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- 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 105.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
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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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- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
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- 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
PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Line Number</u>	<u>(A) Rate Base Item & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2014</u>	<u>(D) Balances 12/31/2013</u>	<u>(E) Average Balance for 2014</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
<u>Plant Investment Balances</u>					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46			-
2	Production Asset Retirement Obligation (ARO)	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44			-
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58			-
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57			-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75			-
6	Distribution Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 74			-
7	General Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 99			-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98			-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5			-
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	-	-	-
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	-	-	-
<u>Accumulated Depreciation & Amortization Balances</u>					
12	Production Accumulated Depreciation	FF1, page 219, lns 20-24, Col. (b)			-
13	Production ARO Accumulated Depreciation	Company Records			-
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)			-
15	Transmission ARO Accumulated Depreciation	Company Records			-
16	Distribution Accumulated Depreciation	FF1, page 219, ln 26, Col. (b)			-
17	Distribution ARO Accumulated Depreciation	Company Records			-
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)			-
19	General ARO Accumulated Depreciation	Company Records			-
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)			-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	-	-	-
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	-	-	-
<u>Generation Step-Up Units</u>					
23	GSU Investment Amount	Company Records			-
24	GSU Accumulated Depreciation	Company Records			-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<u>Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)</u>					
23a	Excluded Facilities Investment Amount	Company Records			-
24a	Excluded Facilities Accumulated Depreciation	Company Records			-
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	-	-	-
<u>Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation</u>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	-	-	-
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	-	-	-
28	Subtotal of Transmission Accumulated Depreciation Net of GSU/Excluded Facilities	(Line 26 - Line 27)	-	-	-
<u>Plant Held For Future Use</u>					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)			-
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, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2014) (P.207, ln 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, ln 244	-
6	Composite Depreciation Rate	0.00%
7	Round to 0% to Reflect a Composite Life of 0 Years	0.00%

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		0.00%	\$ -	\$ -	11	\$ -
10	February		0.00%	\$ -	\$ -	10	\$ -
11	March		0.00%	\$ -	\$ -	9	\$ -
12	April		0.00%	\$ -	\$ -	8	\$ -
13	May		0.00%	\$ -	\$ -	7	\$ -
14	June		0.00%	\$ -	\$ -	6	\$ -
15	July		0.00%	\$ -	\$ -	5	\$ -
16	August		0.00%	\$ -	\$ -	4	\$ -
17	September		0.00%	\$ -	\$ -	3	\$ -
18	October		0.00%	\$ -	\$ -	2	\$ -
19	November		0.00%	\$ -	\$ -	1	\$ -
20	December		0.00%	\$ -	\$ -	0	\$ -
21	Investment	\$ -				Depreciation Expense	\$ -

III. Plant Transferred

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

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)
Account 282 - Form-1 page 274-275, Ln 2 Col. (k)									
282 Balance to Use in Projection									
1	282.1	2014 Year End Tax Deferrals - WS C-1	-	-	-	-	-	-	-
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	#DIV/0!	#DIV/0!
3	282.1	Allocated Total		0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
282 Balance to Use in True-Up									
4	282.1	2014 Year End Tax Deferrals - WS C-1	-	-	-	-	-	-	-
5	282.1	2013 Year End Tax Deferrals - WS C-2	-	-	-	-	-	-	-
6		Subtotal	-	-	-	-	-	-	-
7		Average Balance	0	0	0	0	0	0	0
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	0.0000%	#DIV/0!
9		Allocated Total		0	0	0	#DIV/0!	0	#DIV/0!
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2014 Year End Tax Deferrals - WS C-1	-	-	-	-	-	-	-
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	#DIV/0!	#DIV/0!
12	283.1	Allocated Total		0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
283 Balance to Use in True-Up									
13	283.1	2014 Year End Tax Deferrals - WS C-1	-	-	-	-	-	-	-
14	283.1	2013 Year End Tax Deferrals - WS C-2	-	-	-	-	-	-	-
15		Subtotal	-	-	-	-	-	-	-
16		Average Balance	0	0	0	0	0	0	0
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	0.0000%	#DIV/0!
18		Allocated Total		0	0	0	#DIV/0!	0	#DIV/0!
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	#DIV/0!	#DIV/0!
21	190.1	Allocated Total		0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
190 Balance to Use in True-Up									
22	190.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
23	190.1	2013 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	-
24		Subtotal	-	-	-	-	-	-	-
25		Average Balance	0	0	0	0	0	0	0
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	0.0000%	#DIV/0!
27		Allocated Total		0	0	0	#DIV/0!	0	#DIV/0!
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255.0	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)				Pre 1971 ITC Includable in Rate Base	-		
29	255.0	Transmission Allocator from Historic TCOS [GP or W/S]				0.0000%			
30	255.0	Allocated Total		N/A	N/A	0	N/A	N/A	0
255 Balance to Use in True-Up									
31	255.0	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-				-		
32	255.0	Acc Defrd ITC - Federal - 12/31/2013 (FF1 p. 266, Ln 2.b)	-				-		
33		Subtotal	-				-		
34		Average Balance	0				0		
35		Transmission Allocator from True-Up TCOS [GP or W/S]				0.0000%			
36		Allocated Total		N/A	N/A	0	N/A	N/A	0

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

Worksheet C-2 - ADIT & ITC Details

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		PTD			0		
2821001	230A	ACRS BENEFIT NORMALIZED		PTD			0		
2821001	230G	ACRS-ACCURED BK REMOVAL COSTS		PTD			0		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD		PTD			0		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD		PTD			0		
2821001	230X	R & D DEDUCTION - SEC 174		PTD			0		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO		E	0				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY		PTD			0		
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP		PTD			0		
2821001	320A	ABFUDC		PTD			0		
2821001	380J	INT EXP CAPITALIZED FOR TAX		PTD			0		
2821001	390A	CIAC - BOOK RECEIPTS		E	0				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK		PTD			0		
2821001	532A	PERCENT REPAIR ALLOWANCE		PTD			0		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ		PTD			0		
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ		PTD			0		
2821001	534A	CAPITALIZED RELOCATION COSTS		PTD			0		
2821001	630R	ACCRD ENERGY CONSERV EXPEND		PTD			0		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK		E	0				
2821001	710H	AMORT ELEC PLT ACQ ADJS		E	0				
2821001	710T	AMORT CHELSEA MUN AUTH-TX		E	0				
2821001	710U	CHELSEA ACQUISITON ADJ-25 YR TX		E	0				
2821001	710V	PLANT ACQUISITION ADJ-CSIAP-TX		E	0				
2821001	711J	CASUALTY LOSS-STORMS		PTD			0		
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX		Labor					0
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX		PTD			0		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS		PTD			0		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK		Labor					0
2821001	910K	REMOVAL CST		PTD			0		
2821001	910N	ACCURED BK REMOVAL COST - ACRS		PTD			0		
2821001	930A	BOOK > TAX BASIS-PRTSHP INVEST		E	0				
2821001	930J	PROV FOR WRITEDOWN OF INVEST		E	0				
2821001	940I	1985-1987 IRS AUDIT SETTLEMENT		PTD			0		
2821001	960F-XS	EXCESS ADFIT 282		PTD			0		
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)									
2831001	014A-DSIT	ADSICT STATE C/F-DEF STATE TAX ASSET-L/T		E	0				
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T		E	0				
2831001	433B	INTEREST-FUEL OVER/UNDER RECOVERY		E	0				
2831001	533I	INDIAN RESERVATION SECTION 481a ADJUSTMENT		PTD			0		
2831001	575E	MTM BK GAIN-A/L-TAX DEFL		E	0				
2831001	576E	MARK & SPREAD-DEFL-283-A/L		E	0				
2831001	605B	ACCURED BK PENSION EXPENSE		Labor					0
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158		E	0				
2831001	612E	ACCURED RAIL SETTLEMENT - BNFS		E	0				
2831001	630J	DEFD STORM DAMAGE		PTD			0		
2831001	630M	RATE CASE DEFD CHGS		PTD			0		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP		PTD			0		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283		E	0				
2831001	660M	REG ASSET-CARRY COST ON STRANDED COST		E	0				
2831001	660N	REG ASSET-DEFD CARRY COST ON STRANDED COST		PTD			0		
2831001	660R	REG ASSET-DEFD ACCR VEGETATION MGT EXPENSE		T&D				0	
2831001	661R	REG ASSET-SFAS 158 - PENSIONS		E	0				
2831001	661S	REG ASSET-SFAS 158 - SERP		E	0				
2831001	661T	REG ASSET-SFAS 158 - OPEB		E	0				
2831001	661V	REG ASSET-RED ROCK FACILITY		E	0				
2831001	663C	REG ASSET-GENERATION MAINTENANCE EXP		E	0				
2831001	665G	REG ASSET-UNDIRECTED PSO BPF		E	0				
2831001	667F	REG ASSET-PSO ENVIRONMENTAL COMPLIANCE COSTS		E	0				
2831001	668X	REG ASSET-WIND RECOVERABLE COSTS		E	0				
2831001	669B	REG ASSET-DEFERRED SRR RIDER EXPENSES		E	0				
2831001	900A	LOSS ON REACQUIRED DEBT		PTD			0		
2831001	906A	ACCURED SFAS 106 PST RETIRE EXP		Labor					0
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT		Labor					0
2831001	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET		Labor					0
2831001	913Y	BK DEFL - MERGER COSTS		E	0				
2831001	960X	STATE NOL CURRENT BENEFIT		E	0				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED		PTD			0		
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)									
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET-MJE		E	0				
1901001	014A	ACCUM DITC-STATE-A/C 2550002		E	0				
1901001	433F	PSO-FUEL O/U RECOVERY-WSLE		E	0				
1901001	460A	UNBILLED REVENUE		E	0				
1901001	520A	PROVS POSS REV REFDS-A/L		PTD			0		
1901001	576F	MARK & SPREAD-DEFL-190-A/L		E	0				
1901001	602A	PROV WORKER'S COMP		Labor					0
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN		Labor					0
1901001	605F	ACCURED SUP EXEC RETIR PLAN COSTS-SFAS 158		E	0				
1901001	605I	ACCURED BK SUP. SAVINGS PLAN EXP		Labor					0
1901001	605J	EMPLOYER SAVINGS PLAN MATCH		E	0				
1901001	605O	ACCURED PSI PLAN EXP		Labor					0
1901001	610A	BK PROV UNCOLL ACCTS - ST		PTD			0		
1901001	610V	PROV-FAS 157 - A/L		E	0				
1901001	612G	ACCURED COMPANY INCENT PLAN-ENGAGE TO GAIN		Labor					0
1901001	612Y	ACCURED COMPANYWIDE INCENTV PLAN		Labor					0
1901001	613E	ACCURED BOOK VACATION PAY		Labor					0
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN		Labor					0
1901001	613Y	ACCURED BK SEVERANCE BENEFITS		Labor					0
1901001	615B	ACCURED INTEREST-LONG-TERM - FIN 48		E	0				
1901001	615B-MJE	ACCURED INSTR-TAX RES-L/T-FIN 48-MJE		E	0				
1901001	615C	ACCURED INTEREST-SHORT-TERM - FIN 48		E	0				
1901001	615C-MJE	ACCURED INSTR-TAX RES-S/T-FIN 48-MJE		E	0				
1901001	615E	ACCURED STATE INCOME TAX EXP		E	0				
1901001	615O	BK DFL RAIL TRANS REV/EXP		E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA		E	0				
1901001	641I	ADVANCE RENTAL INC (CUR MO)		PTD			0		
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL		E	0				
1901001	663U	REG ASSET-DEFERRED BASE LOAD PUR PWR		E	0				
1901001	700B	TAX DEFL - FRAN COSTS		PTD			0		
1901001	712P	PROF SERVICES CAPITALIZED-TX		PTD			0		
1901001	906F	ACCURED OPEB COSTS - SFAS 158		E	0				
1901001	906K	ACCURED SFAS 112 PST EMPLOY BEN		Labor					0
1901001	906P	ACCURED BOOK ARO EXPENSE - SFAS 143		E	0				
1901001	911F-FIN48	FIN 48 DSIT		E	0				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED		PTD			0		
1901001	911V	ACCURED SIT TX RESERVE-LNG-TERM-FIN 48		E	0				
1901001	911V-MJE	ACCURED SIT TX RES-LNG-TERM-FIN 48-MJE		E	0				
1901001	911W	ACCURED SIT TX RESERVE-SHRT-TERM-FIN 48		E	0				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT		PTD			0		
1901001	960E	AMT CREDIT - DEFERRED		E	0				
1901002	014A	ACCUM DITC-STATE-A/C 2550002-MJE		E	0				
1901002	014A-DSIT	ADSICT STATE C/F-DEF STATE TAX ASSET-L/T		E	0				
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-L/T		E	0				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
(Total Company Amount Ties to FF1 p.234(c) -- Electric)									

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

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

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

Rate Base (Projected TCOS, In 75)	#DIV/0!
R (from A. above)	-
Return (Rate Base x R)	#DIV/0!

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

Return (from B. above)	#DIV/0!
Tax Rate (Projected TCOS, In 108)	38.56%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	0.00%
Income Tax Calculation (Return x EIT)	#DIV/0!
ITC Adjustment (Projected TCOS, In 115)	-
Income Taxes	#DIV/0!

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

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

Net Revenue Requirement (Projected TCOS, In 122)	#DIV/0!
Return (Projected TCOS, In 117)	#DIV/0!
Income Taxes (Projected TCOS, In 116)	#DIV/0!
Gross Margin Taxes (Projected TCOS, In 121)	#DIV/0!
Net Revenue Requirement, Less Return and Taxes	#DIV/0!

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

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

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)	#DIV/0!
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	#DIV/0!
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	#DIV/0!
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	#DIV/0!
Gross-up Required for Gross Margin Tax Expense	#DIV/0!
Total Additional Gross Margin Tax Revenue Requirement	#DIV/0!

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	-
Net Revenue Requirement, with 0 Basis Point ROE increase	#DIV/0!
FCR with 0 Basis Point increase in ROE	0.00%

Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	#DIV/0!
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 12)	0.00%
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)	-	<=From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	-	<=From Input on Worksheet B
Transmission Plant Average Balance for 2014	-	
Annual Depreciation Expense (Historic TCOS, In 244)	-	
Composite Depreciation Rate	0.00%	
Depreciable Life for Composite Depreciation Rate	-	
Round to nearest whole year	-	

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

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

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

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

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

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

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

Rate Base (True-Up TCOS, In 63)	#DIV/0!
R (from A. above)	#DIV/0!
Return (Rate Base x R)	#DIV/0!

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

Return (from B. above)	#DIV/0!
Tax Rate (True-Up TCOS, In 105)	38.56%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	#DIV/0!
Income Tax Calculation (Return x EIT)	#DIV/0!
ITC Adjustment (True-Up TCOS, In 102)	-
Income Taxes	#DIV/0!

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

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

Net Revenue Requirement (True-Up TCOS, In 109)	#DIV/0!
Return (True-Up TCOS, In 104)	#DIV/0!
Income Taxes (True-Up TCOS, In 103)	#DIV/0!
Gross Margin Taxes (True-Up TCOS, In 108)	#DIV/0!
Net Revenue Requirement, Less Return and Taxes	#DIV/0!

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

Net Revenue Requirement, Less Return and Taxes	#DIV/0!
Return (from I.B. above)	#DIV/0!
Income Taxes (from I.C. above)	#DIV/0!
Net Revenue Requirement, with 0 Basis Point ROE increase	#DIV/0!
Gross Margin Tax with Basis Point ROE Increase (II C. below)	#DIV/0!
Revenue Requirement w/ Gross Margin Taxes	#DIV/0!
Less: Depreciation (True-Up TCOS, In 82)	-
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	#DIV/0!

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)	#DIV/0!
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	#DIV/0!
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	#DIV/0!
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	#DIV/0!
Gross-up Required for Gross Margin Tax Expense	#DIV/0!
Total Additional Gross Margin Tax Revenue Requirement	#DIV/0!

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

Net Transmission Plant (True-Up TCOS, In 39)	-
Net Revenue Requirement, with 0 Basis Point ROE increase	#DIV/0!
FCR with 0 Basis Point increase in ROE	0.00%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	#DIV/0!
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 12)	0.00%
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)	-	<=From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	-	<=From Input on Worksheet B
Transmission Plant Average Balance for 2014	-	
Annual Depreciation Expense (True-Up TCOS, In 82)	-	
Composite Depreciation Rate	0.00%	
Depreciable Life for Composite Depreciation Rate	-	
Round to nearest whole year	-	

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)	\$	-	\$	-
Σ Prior Year True-Up (WS-G)	\$	-	\$	-
True-up Adjustment For 2014		-		-

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

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

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
I. Account 450, Forfeited Discounts		-	-
II. Account 451, Miscellaneous Service Revenues		-	-
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff		-	
2 Account 4540002 - Rent from Elect Property - Non-Aff		-	
3 Account 4540005 - Rent from Elect Property - Pole Attach		-	
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff		-	-
5 Total Rents from Electirc Property	-		-

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

IV. Account 4560015, Revenues from Associated Business Development			
1 Account 4560015, Revenues from Associated Business Development			
V. Total Other Operating Revenues To Reduce Revenue Requirement			-
VI. Account 456.1, Revenues from Transmission of Electricity of Others			
(Provide data sources and any detailed explanations necessary in Section VIII Notes below)			
Less:			
1 Transmission Direct Assignment Revenue (if costs not in the ARR)			-
2 Sponsored Upgrade Revenue			-
3 Credits against Transmission Service Revenue related to Generation Interconnections			
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			-
7 Distribution and Other Non-Transmission Revenue			
8 Revenue from SPP Ancillary Services Provided			
9 Base Plan Revenue (from SPP)			
10 Flow Through of ERCOT Ancillary Charges			-
11 Other			-

Net Transmission Credits \$0

VII. Total Worksheet A Revenue Credits \$0

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>
Account 926						
2007 Base Year OPEB Expense (Note 1)						
1	9260021	Postretirement Benefits - OPEB	_____			
2	9260057	Postret Ben Medicare Subsidy	_____			
3		OPEB Billed From - Service Corporation	_____			
4		Net 2007 Base Year Expense	_____			
2014 Current Year Expense						
6	9260021	Postretirement Benefits - OPEB	_____			
7	9260057	Postret Ben Medicare Subsidy	_____			
8		OPEB Billed From - Service Corporation	_____			
9		Net 2014 Expense	_____			
10		Net Increase (Decrease) in OPEB Expense	_____	0		This Amount Is Allocated on Wages & Salaries
Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.						
Account 928						
1	9280000	Reg Commission Expense - OCC Annual Fees		-		Oklahoma Corporation Commission Assessment
2	9280001	Reg Commission Expense Admin		-		FERC Assessment Fees
3						To accumulate AEPSC costs in connection with the preparation and filing of the 2013 Public Service of Oklahoma base rate case.
4	9280002	Reg Commission Exp - Case				Activity not associated with a project.
5	9280002	Reg Commission Exp - Labor Accruals				Labor accruals - for various depts
6	9280002	Reg Commission Exp - Misc Filings				General Culture Initiative
7	9280002	Reg Commission Exp - Misc Filings		-		PSO Transmission
8	9280002	Reg Commission Exp - Misc Filings				Reg/Leg Act-Oklahoma
9	9280003	Rate Case Amort	-	-	-	Rate Case Amortization
10		Total (FF1, pg. 323)	0	0	0	
Account 930.1						
11	9301000	General Advertising Expenses			0	
12	9301001	Newspaper Advertising Space			0	
13	9301002	Radio Station Advertising Time		0	0	
14	9301006	Spec Corporate Comm Info Proj	0	0	0	
15	9301007	Special Adv Space & Prod Exp	0	0	0	
16	9301008	Direct Mail and Handouts	0	0	0	
17	9301009	Fairs, Shows, and Exhibits	0	0	0	
18	9301010	Publicity		0	0	
19	9301011	Dedications, Tours, & Openings	0	0	0	
20	9301012	Public Opinion Surveys		0	0	
21	9301013	Movies Slide Films & Speeches	0	0	0	
22	9301014	Video Communications	0	0	0	
23	9301015	Other Corporate Comm Exp		0	0	
24		Total (FF1, pg. 323)	0	0	0	
Account 930.2						
25	9302000	Misc General Expenses		0	0	
26	9302003	Corporate & Fiscal Expenses		0	0	
27	9302004	Research, Develop&Demonstr Exp		0	0	
28	9302006	Assoc Bus Development - Materials Sold-Trans		0	0	
29	9302006	Assoc Bus Development - Materials Sold-Non Trans		0	0	
30	9302007	Assoc Business Development Exp - Transmission		0	0	
31	9302007	Assoc Business Development Exp - Non-Transmission		0	0	
32	9302458	AEPSC Non Affiliated expenses	0	0	0	
33		Total (FF1, pg. 323)	(0)	(0)	-	

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		<u>96.89%</u>	
Effective State Income Tax Rate			5.4837%
State Income Tax Rate - Ohio		0.00%	
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2	<u>0.00%</u>	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - West Virginia		6.50%	
Apportionment Factor		<u>0.00%</u>	
Effective State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate		<u>5.4837%</u>	

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

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

II. CALCULATION OF TEXAS GROSS MARGIN TAX

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 117 of Template)	<u>Projected</u>		<u>Historic</u>		<u>Actual</u>	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
1	Apportionment Factor to Texas (In12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Apportioned Texas Revenues	\$0	#DIV/0!	\$0	#DIV/0!	#DIV/0!	#DIV/0!
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
7	Gross-up Required for Texas Gross Margin Expense ((In 6 * In 3 * In 1)/(1- In 5) * In 5)	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
8	Total Additional Gross Margin Tax Revenue Requirement	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
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)	<u>0.00%</u>					

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	Revenue Taxes					
2	OH CAT Tax					-
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum		-			
5	Texas Ad Valorum		-			
6	Louisiana Ad Valorum		-			
7			-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)			-		
10	Federal Unemployment Tax			-		
11	State Unemployment Insurance			-		
12	Production Taxes					
13						-
14						-
15	Miscellaneous Taxes					
16	Federal Excise Tax					-
17	Ok State Franchise Tax	-			-	
18	Ok Sales & Use Taxes					-
19	Ok Local Franchise Tax - 2014				-	
20	Ok Local Franchise Tax -2012				-	
21	State License Fee				-	
22	Tx Sales & Use Taxes					-
23	Unemployment TX - 014				-	
24	MI Misc Tax	-			-	
25	Ok Misc Tax				-	
26	MT Misc Tax				-	
26	Wy Misc Tax				-	
27	Total Taxes by Allocable Basis	-	-	-	-	-
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))					

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

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 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		<u>Balances @</u> <u>12/31/2014</u>	<u>Balances @</u> <u>12/31/2013</u>	<u>Average</u>
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)			#DIV/0!
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)			#DIV/0!
5	Average Balance of Common Equity	-	-	#DIV/0!
<u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u>				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)			#DIV/0!
10	Total Average Debt	-	-	-
11	Annual Interest Expense for 2015			
12	Coupon Interest on Long Term Debt (256-257.33.i)			
13	Less: Financial Hedge Gain/Expense from Ln 26 Included in Ln 12			-
14	Plus: Allowed Hedge Recovery from Ln 30 below			#DIV/0!
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
19	Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)			#DIV/0!
20	Average Cost of Debt for 2015 (Ln 19/Ln 10)			#DIV/0!
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)			
23	SUN Series F 6.15% Financial Hedge (p. 256 Ln 17.i)			
24				
25				
26	Total Hedge Amortization			-
27	Total Average Capital Balance for 2014 (Actual TCOS, Ln 136)			#DIV/0!
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable Amount			#DIV/0!
30	Recoverable Hedge Amortization <i>(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			#DIV/0!
<u>Development of Cost of Preferred Stock</u>				
	<u>Preferred Stock</u>			<u>Average</u>
31	___% Series - - Dividend Rate (p. 250-251. __.a)			
32	___% Series - - Par Value (p. 250-251. __.c)			
33	___% Series - - Shares O/S (p.250-251. __.e)			
34	___% Series - - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	___% Series - - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	___% Series - - Dividend Rate (p. 250-251. col(a))			
37	___% Series - ___ - Par Value (p. 250-251. col(c))			
38	___% Series - 0 - Share O/S (p. 250-251. col(e))			
39	___% Series - - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	___% Series - - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - - Dividend Rate (p. 250-251.)			
42	0% Series - - Par Value (p. 250-251.)			
43	0% Series - - Shares O/S (p.250-251.)			
44	0% Series - - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	Balance of Preferred Stock (Lns 34, 39, 44)	-	-	-
47	Dividends on Preferred Stock (Lns 35, 40, 45)	-	-	-
48	Average Cost of Preferred Stock (Ln 47/46)	0.00%	0.00%	0.00%

AEP West SPP Member Companies
 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

Line No.			Total	Allocator		Transmission Amount
						#DIV/0!
1	REVENUE REQUIREMENT (w/o incentives)	(ln 119)				
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	\$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
5	Total Revenue Credits		-			\$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				#DIV/0!
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.						
7	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		-	DA	1.00000	\$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / (Sum of lns 46, 47, 48, 49, 51)) x 100%				0.00%
10	Monthly Rate	(ln 9 / 12)				0.00%
11	NET PLANT CARRYING CHARGE ON LINE 9, W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				0.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 95 - ln 117 - ln 118) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				0.00%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

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

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	-	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA	0.00000
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 168)	-	DA	
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.00000
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.00000
22	Distribution	(Worksheet A In 5.C)	-	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)	-	W/S	#DIV/0!
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S	#DIV/0!
26	Intangible Plant	(Worksheet A In 9.C)	-	W/S	#DIV/0!
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	-		#DIV/0!
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	-	NA	0.00000
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA	0.00000
31	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1=	0.00000
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.00000
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA	1.00000
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
35	Plus: Additional Transmission Depreciation for 2015 (In 94)		-	TP1	0.00000
36	Plus: Additional General & Intangible Depreciation for (In 96+In 97)		-	W/S	#DIV/0!
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
38	Distribution	(Worksheet A In 16.C)	-	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)	-	W/S	#DIV/0!
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S	#DIV/0!
42	Intangible Plant	(Worksheet A In 20.C)	-	W/S	#DIV/0!
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	-		#DIV/0!
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	-		
46	Transmission	(In 18 + In 19 - In 31 - In 32)	-		
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		-		
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		
49	Plus: Additional Transmission Depreciation for 2015 (-In 35)		-		
50	Plus: Additional General & Intangible Depreciation for 2015 (-In 36)		-		#DIV/0!
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		
52	Distribution	(In 22 + In 23 - In 38 - In 39)	-		
53	General Plant	(In 24 + In 25 - In 40 - In 41)	-		#DIV/0!
54	Intangible Plant	(In 26 - In 42)	-		#DIV/0!
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	-		#DIV/0!
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)	-	DA	#DIV/0!
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	-	DA	#DIV/0!
60	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	-	DA	#DIV/0!
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	-		#DIV/0!
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	-		
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP	0.00000
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S	#DIV/0!
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.00000
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S	#DIV/0!
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	-	GP(h)	0.00000
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA	0.00000
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	-		#DIV/0!
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7 (B))	-	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		-		#DIV/0!

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	-		
77	Less: Total Account 561	(Note I) 321.84-92.b	-		
78	Less: Account 565	(Note J) 321.96.b	-		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	-	TP 0.00000	-
81	Administrative and General	323.197.b (Note K, M)	-		
82	Less: Acct. 924, Property Insurance	323.185.b	-		
83	Acct. 928, Reg. Com. Exp.	323.189.b	-		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	-		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	-		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	-		
87	Plus: Acct. 924, Property Insurance	(In 82)	-	W/S #DIV/0!	#DIV/0!
88	Acct. 928 - Transmission Specific	Worksheet J In 33 23.(E) (Note L)	-	GP(h) 0.00000	-
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 47 37.(E) (Note L)	-	TP 0.00000	-
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49 47.(E) (Note L)	-	TP 0.00000	-
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	-	DA 1.00000	-
91	A & G Subtotal	(sum Ins 86 to 90 less In 91)	-	W/S #DIV/0!	#DIV/0!
92	TOTAL O & M EXPENSE	(In 80 + In 91)	-		#DIV/0!
93	DEPRECIATION AND AMORTIZATION EXPENSE				
94	Transmission	336.7.f	-	TP 0.00000	-
95	Plus: Transmission Plant-in-Service Additions (Worksheet B)		-	DA 1.00000	-
96	General	336.10.f	-	W/S #DIV/0!	#DIV/0!
97	Intangible	336.1.f	-	W/S #DIV/0!	#DIV/0!
98	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 94 to 97)	-		#DIV/0!
99	TAXES OTHER THAN INCOME	(Note N)			
100	Labor Related				
101	Payroll	Worksheet L, Col. D	-	W/S #DIV/0!	#DIV/0!
102	Plant Related				
103	Property	Worksheet L, Col. C	-	GP(h) 0.00000	-
104	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA 0.00000	-
105	Other	Worksheet L, Col. E	-	GP(h) 0.00000	-
106	TOTAL OTHER TAXES	(sum Ins 101 to 105)	-		#DIV/0!
107	INCOME TAXES	(Note O)			
108	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.00%		
109	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		0.00%		
110	where WCLTD=(In 146) and WACC = (In 149)				
111	and FIT, SIT & p are as given in Note O.				
112	$GRCF=1 / (1 - T) = (from In 108)$		1.5385		
113	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
114	Income Tax Calculation	(In 109 * In 117)	-		#DIV/0!
115	ITC adjustment	(In 112 * In 113)	-	NP(h) 0.00000	-
116	TOTAL INCOME TAXES	(sum Ins 114 to 115)	-		#DIV/0!
117	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 149)	-		#DIV/0!
118	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA 1.00000	-
119	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		-		#DIV/0!
120	(sum Ins 92, 98, 106, 116, 117, 118)		-		#DIV/0!
121	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	#DIV/0!
122	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		-		#DIV/0!

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SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
123	Total transmission plant	(In 18, 19, 20, 21)							-
124	Less transmission plant excluded from SPP Tariff (Note Q)								-
125	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)								-
126	Transmission plant included in SPP Tariff	(In 123 - In 124 - In 125)							-
127	Percent of transmission plant in SPP Tariff	(In 126 / In 123)						TP=	0.00000
128	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
129	Production	354.20.b	0	0	0	-	NA	0.00000	-
130	Transmission	354.21.b	0	0	0	-	TP	0.00000	-
131	Regional Market Expenses	354.22.b	0	0	0	-	NA	0.00000	-
132	Distribution	354.23.b	0	0	0	-	NA	0.00000	-
133	Other (Excludes A&G)	354.24,25,26.b	0	0	0	-	NA	0.00000	-
134	Total	(sum Ins 129 to 133)	0	0	0	0			-
135	Transmission related amount							W/S=	#DIV/0!
136	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
137		Long Term Interest (Worksheet M, In. 21, col. (D))							-
138		Preferred Stock Dividends (Worksheet M, In. 22, col. (D))							-
139	Development of Common Stock:								-
140		Proprietary Capital (112.16.c)							-
141		Less Preferred Stock (In 147)							-
142		Less Account 216.1 (112.12.c)							-
143		Less Account 219.1 (112.15.c)							-
144		Common Stock (In 140 - In 141 - In 142 - In 143)							-
145			\$					Cost (Note T)	Weighted
146	Long Term Debt (Worksheet M, In. 21, col. (B))		-		0.00%	0.00%		-	0.0000
147	Preferred Stock (Worksheet M, In. 22, col. (B))		-		0.00%	0.00%		-	0.0000
148	Common Stock (In 144) (Note U)		-		0.00%	0.00%		0.0%	0.0000
149	Total (sum Ins 146 to 148)		-					WACC=	0.0000
150	Capital Structure Equity Limit (Note U)	52.5%							

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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 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 118.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- ~~M 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.~~
- M The Post-Employment Benefits other than Pension ("PBOP") amount is included in the Administrative and General total, and is based on current year expense. For year XXXX, the amount is \$XXXXXX. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 108) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 0.00% (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 137) / long term debt (In 146). Preferred Stock cost rate = preferred dividends (In 138) / preferred outstanding (In 147). Common Stock cost rate (ROE) = 0%, 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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SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount #DIV/0!
151	REVENUE REQUIREMENT (w/o incentives)	(In 269)				
152	REVENUE CREDITS	(Note A)				
153	Transmission Credits	(Worksheet H)	-	DA	1.00000	\$ -
154	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
155	Total Revenue Credits		-			\$ -
156	REVENUE REQUIREMENT For All Company Facilities	(In 151 less In 155)				#DIV/0!
MEMO: The Carrying Charge Calculations on lines 159 to 164 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 156.						
157	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		-	DA	1.00000	\$ -
158	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
159	Annual Rate	(In 151 / In 196 x 100%)				0.00%
160	Monthly Rate	(In 159 / 12)				0.00%
161	NET PLANT CARRYING CHARGE ON LINE 159 , W/O DEPRECIATION (w/o incentives) (Note B)					
162	Annual Rate	((In 151 - In 244) / In 196 x 100%)				0.00%
163	NET PLANT CARRYING CHARGE ON LINE 161, W/O INCOME TAXES, RETURN (Note B)					
164	Annual Rate	((In 151 - In 244 - In 266 - In 267) / In 196 x 100%)				0.00%
165	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

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

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	RATE BASE CALCULATION	Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	GROSS PLANT IN SERVICE				
166	Production	(Worksheet A In 1.C)	-	NA 0.00000	-
167	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	-	NA 0.00000	-
168	Transmission	(Worksheet A In 3.C & Ln 276)	-	DA	-
169	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.00000	-
170	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
171	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
172	Distribution	(Worksheet A In 5.C)	-	NA 0.00000	-
173	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
174	General Plant	(Worksheet A In 7.C)	-	W/S #DIV/0!	#DIV/0!
175	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	-	W/S #DIV/0!	#DIV/0!
176	Intangible Plant	(Worksheet A In 9.C)	-	W/S #DIV/0!	#DIV/0!
177	TOTAL GROSS PLANT	(sum Ins 166 to 176)	-	GP(h)= 0.00000 GTD= #DIV/0!	#DIV/0!
178	ACCUMULATED DEPRECIATION AND AMORTIZATION				
179	Production	(Worksheet A In 12.C)	-	NA 0.00000	-
180	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	-	NA 0.00000	-
181	Transmission	(Worksheet A In 14.C & 28.C)	-	TP1= 0.00000	-
182	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.00000	-
183	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
184	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Transmission Depreciation for 2015 (In 244)		N/A	TP1 0.00000	N/A
186	Plus: Additional General & Intangible Depreciation for 2015 (In 246+In 247)		N/A	W/S #DIV/0!	N/A
187	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
188	Distribution	(Worksheet A In 16.C)	-	NA 0.00000	-
189	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
190	General Plant	(Worksheet A In 18.C)	-	W/S #DIV/0!	#DIV/0!
191	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	-	W/S #DIV/0!	#DIV/0!
192	Intangible Plant	(Worksheet A In 20.C)	-	W/S #DIV/0!	#DIV/0!
193	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 179 to 192)	-		#DIV/0!
194	NET PLANT IN SERVICE				
195	Production	(In 166 + In 167 - In 179 - In 180)	-		-
196	Transmission	(In 168 + In 169 - In 181 - In 182)	-		-
197	Plus: Transmission Plant-in-Service Additions (In 170 - In 183)		N/A		N/A
198	Plus: Additional Trans Plant on Transferred Assets (In 171 - In 184)		N/A		N/A
199	Plus: Additional Transmission Depreciation for 2015 (-In 185)		N/A		N/A
200	Plus: Additional General & Intangible Depreciation for 2015 (-In 186)		N/A		N/A
201	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 187)		N/A		N/A
202	Distribution	(In 172 + In 173 - In 188 - In 189)	-		-
203	General Plant	(In 174 + In 175 - In 190 - In 191)	-		#DIV/0!
204	Intangible Plant	(In 176 - In 192)	-		#DIV/0!
205	TOTAL NET PLANT IN SERVICE	(sum Ins 195 to 204)	-	NP(h)= 0.00000	#DIV/0!
206	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
207	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
208	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	-	DA	#DIV/0!
209	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	-	DA	#DIV/0!
210	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	-	DA	#DIV/0!
211	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
212	TOTAL ADJUSTMENTS	(sum Ins 207 to 211)	-		#DIV/0!
213	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	-	DA	-
214	WORKING CAPITAL	(Note F)			
215	Cash Working Capital	(1/8 * In 230) (Note G)	-		-
216	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	-	TP 0.00000	-
217	A&G Materials & Supplies	(Worksheet D, In 3.(D))	-	W/S #DIV/0!	#DIV/0!
218	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.00000	-
219	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	-	W/S #DIV/0!	#DIV/0!
220	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	-	GP(h) 0.00000	-
221	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
222	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	-	NA 0.00000	-
223	TOTAL WORKING CAPITAL	(sum Ins 215 to 222)	-		#DIV/0!
224	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	-	DA 1.00000	-
225	RATE BASE (sum Ins 205, 212, 213, 223, 224)		-		#DIV/0!

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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
	OPERATION & MAINTENANCE EXPENSE				
226	Transmission	321.112.b			
227	Less: Total Account 561	(Note I) 321.84-92.b			
228	Less: Account 565	(Note J) 321.96.b			
229	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
230	Total O&M Allocable to Transmission	(Ins 226 - 227 - 228 - 229)	-	TP	0.00000
231	Administrative and General	323.197.b (Note K, M)			
232	Less: Acct. 924, Property Insurance	323.185.b			
233	Acct. 928, Reg. Com. Exp.	323.189.b			
234	Acct. 930.1, Gen. Advert. Exp.	323.191.b			
235	Acct. 930.2, Misc. Gen. Exp.	323.192.b			
236	Balance of A & G	(In 231 - sum In 232 to In 235)	-	W/S	#DIV/0!
237	Plus: Acct. 924, Property Insurance	(In 232)	-	GP(h)	0.00000
238	Acct. 928 - Transmission Specific	Worksheet J In 33 23.(E) (Note L)	-	TP	0.00000
239	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 47 37.(E) (Note L)	-	TP	0.00000
240	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49 47.(E) (Note L)	-	DA	1.00000
241	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	-	W/S	#DIV/0!
241	A & G Subtotal	(sum Ins 236 to 240 less In 241)	-		#DIV/0!
242	TOTAL O & M EXPENSE	(In 230 + In 241)	-		#DIV/0!
243	DEPRECIATION AND AMORTIZATION EXPENSE				
244	Transmission	336.7.f		TP	0.00000
245	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
246	General	336.10.f		W/S	#DIV/0!
247	Intangible	336.1.f		W/S	#DIV/0!
248	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 244 to 247)	-		#DIV/0!
249	TAXES OTHER THAN INCOME	(Note N)			
250	Labor Related				
251	Payroll	Worksheet L, Col. D	-	W/S	#DIV/0!
252	Plant Related				
253	Property	Worksheet L, Col. C	-	GP(h)	0.00000
254	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000
255	Other	Worksheet L, Col. E	-	GP(h)	0.00000
256	TOTAL OTHER TAXES	(sum Ins 251 to 255)	-		#DIV/0!
257	INCOME TAXES	(Note O)			
258	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.00%		
259	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		0.00%		
260	where WCLTD=(In 296) and WACC = (In 299)				
261	and FIT, SIT & p are as given in Note O.				
262	$GRCF=1 / (1 - T) = (from In 258)$		1.5385		
263	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)			
264	Income Tax Calculation	(In 259 * In 267)	-		#DIV/0!
265	ITC adjustment	(In 262 * In 263)	-	NP(h)	0.00000
266	TOTAL INCOME TAXES	(sum Ins 264 to 265)	-		#DIV/0!
267	RETURN ON RATE BASE (Rate Base*WACC)	(In 225 * In 299)	-		#DIV/0!
268	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA	1.00000
269	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		-		#DIV/0!
270	(sum Ins 242, 248, 256, 266, 267, 268)		-		#DIV/0!
271	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	#DIV/0!
272	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		-		#DIV/0!

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

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
273	Total transmission plant	(In 168)							-
274	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)								-
275	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)								-
276	Transmission plant included in SPP Tariff	(In 273 - In 274 - In 275)							-
277	Percent of transmission plant in SPP Tariff	(In 276 / In 273)						TP=	0.00000
278	WAGES & SALARY ALLOCATOR (W/S)	(Note S)							
279	Production	354.20.b	Direct Payroll	Payroll Billed from AEP Service Corp.	Total				
280	Transmission	354.21.b			-	NA	0.00000		-
281	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000		-
282	Distribution	354.23.b			-	NA	0.00000		-
283	Other (Excludes A&G)	354.24,25,26.b			-	NA	0.00000		-
284	Total	(sum Ins 279 to 283)	0	0	0				-
285	Transmission related amount							W/S=	#DIV/0!
286	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
287		Long Term Interest (Worksheet M, In. 21, col. (D))							-
288		Preferred Stock Dividends (Worksheet M, In. 22, col. (D))							-
289	Development of Common Stock:								-
290		Proprietary Capital (112.16.c)							-
291		Less Preferred Stock (In 297)							-
292		Less Account 216.1 (112.12.c)							-
293		Less Account 219.1 (112.15.c)							-
294		Common Stock (In 290 - In 291 - In 292 - In 293)							-
295									
296	Long Term Debt (Worksheet M, In. 21, col. (B))								
297	Preferred Stock (Worksheet M, In. 22, col. (B))								
298	Common Stock (In 294) (Note U)								
299	Total (sum Ins 296 to 298)								
300	Capital Structure Equity Limit (Note U)	52.5%							

Capital Structure Percentages

	Actual	Cap Limit
Long Term Debt	0.00%	0.00%
Preferred Stock	0.00%	0.00%
Common Stock	0.00%	0.00%

Cost (Note T)	Weighted
-	0.0000
-	0.0000
-	0.0000
WACC=	0.0000

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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 projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 165 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 230.
- 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 268.
- 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.~~
- M The Post-Employment Benefits other than Pension ("PBOP") amount is included in the Administrative and General total, and is based on current year expense. For year XXXX, the amount is \$XXXXXX. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- 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 258) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 0.00% | (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 287) / long term debt (In 296). Preferred Stock cost rate = preferred dividends (In 288) / preferred outstanding (In 297). Common Stock cost rate (ROE) = 0%, 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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SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount #DIV/0!
1	REVENUE REQUIREMENT (w/o incentives)	(ln 106)				
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	-	DA	1.00000	\$ -
4	Assoc. Business Development	(Worksheet H)	-	DA	1.00000	\$ -
5	Total Revenue Credits		-			\$ -
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				#DIV/0!
MEMO: The Carrying Charge Calculations on lines 9 to 14 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line 7 is included in the total on line 6.						
7	Trued-Up Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet G)		-	DA	1.00000	\$ -
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100)				0.00%
10	Monthly Rate	(ln 9 / 12)				0.00%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 82) / ln 39 x 100)				0.00%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 82 - ln 103 - ln 104) / ln 39 x 100)				0.00%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

AEP West SPP Member Companies
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SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	-	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	-	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	-	DA	-
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.00000
20	Distribution	(Worksheet A In 5.E)	-	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)	-	W/S	0.00000
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	-	W/S	0.00000
24	Intangible Plant	(Worksheet A In 9.E)	-	W/S	0.00000
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	-	GP(TU)=	0.00000
				GTD=	#DIV/0!
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	-	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	-	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	-	TP1=	0.00000
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.00000
31	Distribution	(Worksheet A In 16.E)	-	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)	-	W/S	0.00000
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	-	W/S	0.00000
35	Intangible Plant	(Worksheet A In 20.E)	-	W/S	0.00000
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	-		
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	-		
39	Transmission	(In 18 + In 19 - In 29 - In 30)	-		
40	Distribution	(In 20 + In 21 - In 31 - In 32)	-		
41	General Plant	(In 22 + In 23 - In 33 - In 34)	-		
42	Intangible Plant	(In 24 - In 35)	-		
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	-	NP(TU)=	0.00000
44	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
45	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
46	Account No. 282.1 (enter negative)	(Worksheet C, In 7.C & In 9.J)	-	DA	#DIV/0!
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	-	DA	#DIV/0!
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	-	DA	#DIV/0!
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	-		#DIV/0!
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	-	DA	-
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	-		
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	-	TP	0.00000
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	-	W/S	0.00000
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.00000
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	-	W/S	0.00000
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	-	GP(TU)	0.00000
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	-	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	-		
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	-	DA	1.00000
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		-		#DIV/0!

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)
	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
Line No.	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	-		
65	Less: Total Account 561	(Note I) 322.84-92.b	-		
66	Less: Account 565	(Note J) 322.96.b	-		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	-	TP	0.00000
69	Administrative and General	323.197.b (Note K, M)	-		
70	Less: Acct. 924, Property Insurance	323.185.b	-		
71	Acct. 928, Reg. Com. Exp.	322.189.b	-		
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	-		
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	-		
74	Balance of A & G	(In 69 - sum In 70 to In 73)	-	W/S	0.00000
75	Plus: Acct. 924, Property Insurance	(In 70)	-	GP(TU)	0.00000
76	Acct. 928 - Transmission Specific	Worksheet J In 33 23.(E) (Note L)	-	TP	0.00000
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 47 37.(E) (Note L)	-	GP(TU)	0.00000
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49 47.(E) (Note L)	-	DA	1.00000
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	-	W/S	0.00000
79	A & G Subtotal	(sum Ins 74 to 78 less In 79)	-		
80	TOTAL O & M EXPENSE	(In 68 + In 79)	-		
81	DEPRECIATION AND AMORTIZATION EXPENSE				
82	Transmission	336.7.f	-	TP	0.00000
83	General	336.10.f	-	W/S	0.00000
84	Intangible	336.1.f	-	W/S	0.00000
85	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 82 to 84)	-		
86	TAXES OTHER THAN INCOME	(Note N)			
87	Labor Related				
88	Payroll	Worksheet L, Col. D	-	W/S	0.00000
89	Plant Related				
90	Property	Worksheet L, Col. C	-	GP(TU)	0.00000
91	Gross Receipts/Sales & Use	Worksheet L, Col. F	-	NA	0.00000
92	Other	Worksheet L, Col. E	-	GP(TU)	0.00000
93	TOTAL OTHER TAXES	(sum Ins 88 to 92)	-		
94	INCOME TAXES	(Note O)			
95	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		35.00%		
96	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		#DIV/0!		
97	where WCLTD=(In 133) and WACC = (In 136)				
98	and FIT, SIT & p are as given in Note O.				
99	$GRCF=1 / (1 - T) =$ (from In 95)		1.5385		
100	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	-		
101	Income Tax Calculation	(In 96 * In 104)	#DIV/0!		#DIV/0!
102	ITC adjustment	(In 99 * In 100)	-	NP(TU)	0.00000
103	TOTAL INCOME TAXES	(sum Ins 101 to 102)	#DIV/0!		#DIV/0!
104	RETURN ON RATE BASE (Rate Base*WACC)	(In 63 * In 136)	#DIV/0!		#DIV/0!
105	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		-	DA	1.00000
106	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		#DIV/0!		#DIV/0!
107	(sum Ins 80, 85, 93, 103, 104, 105)				
108	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		#DIV/0!	DA	#DIV/0!
109	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		#DIV/0!		#DIV/0!

AEP West SPP Member Companies
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SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
110	Total transmission plant	(In 18)							-
111	Less transmission plant excluded from SPP Tariff	(Worksheet A, In 23a Col. (E)) (Note Q)							-
112	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (E)) (Note R)							-
113	Transmission plant included in SPP Tariff	(In 110 - In 111 - In 112)							-
114	Percent of transmission plant in SPP Tariff	(In 113 / In 110)						TP=	0.00000
115	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
116	Production	354.20.b		0	0	-	NA	0.00000	-
117	Transmission	354.21.b		0	0	-	TP	0.00000	-
118	Regional Market Expenses	354.22.b		0	0	-	NA	0.00000	-
119	Distribution	354.23.b		0	0	-	NA	0.00000	-
120	Other (Excludes A&G)		0	0	0	-	NA	0.00000	-
121	Total	(sum Ins 116 to 120)		0	0	0			-
122	Transmission related amount							W/S=	0.00000
123	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
124	Long Term Interest	Long Term Interest (Worksheet N, In. 19, col. (E))							#DIV/0!
125	Preferred Dividends	Preferred Stock Dividends (Worksheet N, In. 47, col. (E))							-
126	Development of Common Stock:								Average
127	Proprietary Capital	(Worksheet N, In. 1, col. (E))							#DIV/0!
128	Less Preferred Stock (In 134)	(Worksheet N, In. 2, col. (E))							-
129	Less Account 216.1	(Worksheet N, In. 3, col. (E))							#DIV/0!
130	Less Account 219	(Worksheet N, In. 4, col. (E))							#DIV/0!
131	Common Stock	(In 127 - In 128 - In 129 - In 130)							#DIV/0!
132		2014 Avg Balances						Cost (Note T)	Weighted
133	Avg Long Term Debt (Worksheet N, In. 10, col. (E))							0.00%	#DIV/0!
134	Avg Preferred Stock (Worksheet N, In. 46, col. (E))							0.00%	#DIV/0!
135	Avg Common Stock (In 131) (Note U)							0.00%	#DIV/0!
136	Total (sum Ins 133 to 135)								WACC= #DIV/0!
137	Capital Structure Equity Limit (Note U)		52.5%						

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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 105.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- ~~M 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.~~
- M The Post-Employment Benefits other than Pension ("PBOP") amount is included in the Administrative and General total, and is based on current year expense. For year XXXX, the amount is \$XXXXXX. The annual actuarial valuation report supporting the derivation of the PBOP expense, along with an explanation of PBOP derivation process, is submitted during the formula rate annual update.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 95) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 0.00% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (ln 124) / long term debt (ln 133). Preferred Stock cost rate = preferred dividends (ln 125) / preferred outstanding (ln 134). Common Stock cost rate (ROE) = 0%, 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 & Supporting Balance</u>	<u>(B) Source of Data</u>	<u>(C) Balances @ 12/31/2014</u>	<u>(D) Balances 12/31/2013</u>	<u>(E) Average Balance for 2014</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
<u>Plant Investment Balances</u>					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 46			-
2	Production Asset Retirement Obligation (ARO)	FF1, page 205 & 204, Col.(g)&(b), Ins 15,24,34,44			-
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58			-
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			-
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			-
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98			-
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5			-
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	-	-	-
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	-	-	-
<u>Accumulated Depreciation & Amortization Balances</u>					
12	Production Accumulated Depreciation	FF1, page 219, Ins 20-24, Col. (b)			-
13	Production ARO Accumulated Depreciation	Company Records			-
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)			-
15	Transmission ARO Accumulated Depreciation	Company Records			-
16	Distribution Accumulated Depreciation	FF1, page 219, In 26, Col. (b)			-
17	Distribution ARO Accumulated Depreciation	Company Records			-
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)			-
19	General ARO Accumulated Depreciation	Company Records			-
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)			-
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	-	-	-
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	-	-	-
<u>Generation Step-Up Units</u>					
23	GSU Investment Amount	Company Records			-
24	GSU Accumulated Depreciation	Company Records			-
25	GSU Net Balance	(Line 23 - Line 24)	-	-	-
<u>Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)</u>					
23a	Excluded Facilities Investment Amount	Company Records			-
24a	Excluded Facilities Accumulated Depreciation	Company Records			-
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	-	-	-
<u>Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation</u>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	-	-	-
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	-	-	-
28	Subtotal of Transmission Accumulated Depreciation	(Line 26 - Line 27)	-	-	-
<u>Plant Held For Future Use</u>					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)			-
30	Transmission Plant Held For Future	Company Records	-	-	-

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, ln 58,(b)):	-
2	Transmission Plant @ End of Historic Period (2014) (P.207, ln 58,(g)):	-
3		-
4	Average Balance of Transmission Investment	-
5	Annual Depreciation Expense, Historic TCOS, ln 244	-
6	Composite Depreciation Rate	0.00%
7	Round to 0% to Reflect a Composite Life of 0 Years	0.00%

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		0.00%	\$ -	\$ -	11	\$ -
10	February		0.00%	\$ -	\$ -	10	\$ -
11	March		0.00%	\$ -	\$ -	9	\$ -
12	April		0.00%	\$ -	\$ -	8	\$ -
13	May		0.00%	\$ -	\$ -	7	\$ -
14	June		0.00%	\$ -	\$ -	6	\$ -
15	July		0.00%	\$ -	\$ -	5	\$ -
16	August		0.00%	\$ -	\$ -	4	\$ -
17	September		0.00%	\$ -	\$ -	3	\$ -
18	October		0.00%	\$ -	\$ -	2	\$ -
19	November		0.00%	\$ -	\$ -	1	\$ -
20	December		0.00%	\$ -	\$ -	0	\$ -
21	Investment	\$ -				Depreciation Expense	\$ -

III. Plant Transferred

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

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)
Account 282 - Form-1 page 274-275, Ln 2 Col. (k)									
282 Balance to Use in Projection									
1	282.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	#DIV/0!	
3	282.1	Allocated Total		0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
282 Balance to Use in True-Up									
4	282.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
5	282.1	2013 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	-
6		Subtotal	-	-	-	-	-	-	-
7		Average Balance	0	0	0	0	0	0	0
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	0.0000%	
9		Allocated Total		0	0	0	#DIV/0!	0	#DIV/0!
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	#DIV/0!	
12	283.1	Allocated Total		0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
283 Balance to Use in True-Up									
13	283.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
14	283.1	2013 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	-
15		Subtotal	-	-	-	-	-	-	-
16		Average Balance	0	0	0	0	0	0	0
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	0.0000%	
18		Allocated Total		0	0	0	#DIV/0!	0	#DIV/0!
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	#DIV/0!	
21	190.1	Allocated Total		0	0	0	#DIV/0!	#DIV/0!	#DIV/0!
190 Balance to Use in True-Up									
22	190.1	2014 Year End Tax Deferrals - Ws C-1	-	-	-	-	-	-	-
23	190.1	2013 Year End Tax Deferrals - Ws C-2	-	-	-	-	-	-	-
24		Subtotal	-	-	-	-	-	-	-
25		Average Balance	0	0	0	0	0	0	0
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	0.0000%	#DIV/0!	0.0000%	
27		Allocated Total		0	0	0	#DIV/0!	0	#DIV/0!
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255	Acc Defrd ITC - Federal - 12/31/2014 (FF1 p. 267, Ln 2.h)	-						
29	255	Transmission Allocator from Historic TCOS [GP or W/S]				0.0000%			
30	255	Allocated Total		N/A	N/A	0	N/A	N/A	0
255 Balance to Use in True-Up									
31	255	Acc Defrd ITC - Federal - 12/31/2014 (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]				0.0000%			
36		Allocated Total		N/A	N/A	0	N/A	N/A	0

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

Worksheet C-2 - ADIT & ITC Details

SOUTHWESTERN ELECTRIC POWER COMPANY
 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	230A	ACRS BENEFIT NORMALIZED		PTD				0	
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD		PTD				0	
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD		PTD				0	
2821001	230X	R & D DEDUCTION - SEC 174		PTD				0	
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS		PTD				0	
2821001	260A	SPARE PARTS INVENTORY		PTD				0	
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO		E	0				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY		PTD				0	
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP		PTD				0	
2821001	320A	ABFUDC		PTD				0	
2821001	380J	INT EXP CAPITALIZED FOR TAX		PTD				0	
2821001	390A	CIAC - BOOK RECEIPTS		E	0				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK		PTD				0	
2821001	532A	PERCENT REPAIR ALLOWANCE		PTD				0	
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ		PTD				0	
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ		PTD				0	
2821001	534A	CAPITALIZED RELOCATION COSTS		PTD				0	
2821001	560K	LOSS-ABANDONMENT S TIE - BK		PTD				0	
2821001	651A	IMPAIRED ASSETS RES-SFAS 121-BK		E	0				
2821001	662A	WRITE-OFF RE SFAS 71		PTD				0	
2821001	662B	SFAS 109 WRITE-OFF RE SFAS 71		PTD				0	
2821001	680A	JOINT VENTURES-SYS FUEL PRJ-TX		E	0				
2821001	710W	BREM & HAUGH ACQUISITON ADJ-TX		E	0				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX		Labor					0
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX		PTD				0	
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS		PTD				0	
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK		Labor					0
2821001	910J	INTEREST EXPENSE - COAL CARS		E	0				
2821001	910K	REMOVAL CST		PTD				0	
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO		E	0				
2821001	960F-XS	EXCESS ADFIT 282		PTD				0	
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)									
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT		E.	0				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL		E	0				
2831001	575E-MJE	MTM BK GAIN-A/L-TAX DEFL - MJE		E	0				
2831001	576E	MARK & SPREAD-DEFL-283-A/L		E	0				
2831001	605B	ACCRUED BK PENSION EXPENSE		Labor					0
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158		E	0				
2831001	630A	DEFD EXPS (A/C 186)		PTD				0	
2831001	630J	DEFD STORM DAMAGE		PTD				0	
2831001	630M	RATE CASE DEFD CHGS		PTD				0	
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		PTD				0	
2831001	638A	BOOK - TAX BASIS - EMA-A/C 283		E	0				
2831001	660A	TRANSITION REGULATORY ASSETS		E	0				
2831001	660F	REG ASSET-SFAS 143 - ARO		E	0				
2831001	661R	REG ASSET-SFAS 158 - PENSIONS		E	0				
2831001	661S	REG ASSET-SFAS 158 - SERP		E	0				
2831001	661T	REG ASSET-SFAS 158 - OPEB		E	0				
2831001	664A	REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA		E	0				
2831001	664R	REG ASSET-VALLEY DISTRICT DUE DILIGENCE		E	0				
2831001	664S	REG ASSET-VEMCO EMPLOYEE RETIREMENT		E	0				
2831001	664U	REG ASSET-VEMCO ACQUIS/INVESTMENTS		E	0				
2831001	664V	REG ASSET-NET CCS FEED STUDY COSTS		E	0				
2831001	664X	REG ASSET-SWEPCO/VEMCO TRANSACTION COST		E	0				
2831001	668P	REG ASSET-LA 2009 FRP ASSET		E	0				
2831001	669M	REG ASSET-LOUISIANA VEGETATION MGMT		E	0				
2831001	669X	REG ASSET-SWEPCO SHIPE ROAD		E	0				
2831001	669Y	REG ASSET-2010 SEVERANCE COSTS-LA FRP		E	0				
2831001	900A	LOSS ON REACQUIRED DEBT		PTD				0	
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT		PTD				0	
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP		Labor					0
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT		Labor					0
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN		Labor					0
2831001	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET		Labor					0
2831001	913Y	BK DEFL - MERGER COSTS		E	0				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS		E	0				
2831001	930A	BOOK - TAX BASIS-PRTSHP INVEST		E	0				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT		E	0				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED		PTD				0	
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)									
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE		E	0				
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL		E	0				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY		E	0				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY		E	0				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY		E	0				
1901001	460A	UNBILLED REVENUE		E	0				
1901001	520A	PROVS POSS REV REFDS-A/L		PTD				0	
1901001	562G	DEFERRED BOOK GAIN/LOSS ON SALE		PTD				0	
1901001	576F	MARK & SPREAD-DEFL-190-A/L		E	0				
1901001	602A	PROV WORKER'S COMP		Labor					0
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN		Labor					0
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158		E	0				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP		Labor					0
1901001	605J	EMPLOYER SAVINGS PLAN MATCH		Labor					0
1901001	605K	ACCRUED BK BENEFIT COSTS		Labor					0
1901001	605O	ACCRUED PSI PLAN EXP		Labor					0
1901001	610A	BK PROV UNCOLL ACCTS - ST		PTD				0	
1901001	610U	PROV-TRADING CREDIT RISK - A/L		E	0				
1901001	610V	PROV-FAS 157 - A/L		E	0				
1901001	611E	ACCRUED MINE RECLAMATION		E	0				
1901001	611G	DEFD COMPENSATION-BOOK EXPENSE		Labor					0
1901001	612G	ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN		Labor					0
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN		Labor					0
1901001	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT		PTD				0	
1901001	613E	ACCRUED BOOK VACATION PAY		Labor					0
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN		Labor					0
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS		Labor					0
1901001	615A	ACCRUED INTEREST EXP - STATE		PTD				0	
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48		E	0				
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE		E	0				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48		E	0				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE		E	0				
1901001	615E	ACCRUED STATE INCOME TAX EXP		E	0				
1901001	615O	BK DFL RAIL TRANS REV/EXP		E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA		E	0				
1901001	641I	ADVANCE RENTAL INC (CUR MO)		PTD				0	
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT		E	0				
1901001	651F	DISALLOWED COSTS - TURK PLANT		E	0				
1901001	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER		E	0				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL		E	0				
1901001	664G	REG LIAB-MIRROR AFUDC-LA		E	0				
1901001	701A	AMORT - GOODWILL PER BOOKS		E	0				
1901001	702A	GOODWILL PER TAX		E	0				
1901001	710H	AMORT ELEC PLT ACQ ADJS		PTD				0	
1901001	906F	ACCRD OPEB COSTS - SFAS 158		E	0				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143		E	0				
1901001	911F-FIN48	FIN 48 DSIT		E	0				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED		PTD				0	
1901001	911S	ACCRUED SALES & USE TAX RESERVE		E	0				
1901001		ACCRUED SALES & USE TAX RESERVE - MJE		E	0				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48		E	0				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE		E	0				
1901001	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48		E	0				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT		PTD				0	
1901001	960E	AMT CREDIT - DEFERRED		E	0				
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS		PTD				0	
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT		E	0				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0		0	0	0	0	0
(Total Company Amount Ties to FF1 p.234(c) -- Electric)									

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						
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD						
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD						
2821001	230X	R & D DEDUCTION - SEC 174						
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS						
2821001	260A	SPARE PARTS INVENTORY						
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO		0				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY						
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP						
2821001	320A	ABFUDC						
2821001	380J	INT EXP CAPITALIZED FOR TAX						
2821001	390A	CIAC - BOOK RECEIPTS		0				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK						
2821001	532A	PERCENT REPAIR ALLOWANCE						
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ						
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ						
2821001	534A	CAPITALIZED RELOCATION COSTS						
2821001	560K	LOSS-ABANDONMENT S TIE - BK						
2821001	551A	IMPAIRED ASSETS RES-SFAS 121-BK		0				
2821001	662A	WRITE-OFF RE SFAS 71						
2821001	662B	SFAS 109 WRITE-OFF RE SFAS 71						
2821001	680A	JOINT VENTURES-SYS FUEL PRJ-TX		0				
2821001	710W	BREM & HAUGH ACQUISITION ADJ-TX		0				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX						0
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX						
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS						
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK						0
2821001	910J	INTEREST EXPENSE - COAL CARS		0				
2821001	910K	REMOVAL CST						
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO						
2821001	960F-XS	EXCESS ADFIT 282						
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0	0	0	0	0	0
(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)								
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT		0				
2831001	510H	PROPERTY TAX-NEW METHOD-BOOK		0				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL		0				
2831001	575E-MJE	MTM BK GAIN-A/L-TAX DEFL - MJE		0				
2831001	576E	MARK & SPREAD-DEFL-283-A/		0				
2831001	605B	ACCURED BK PENSION EXPENSE						0
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158		0				
2831001	613Z	ACC SEVER CSTS-ARK DO. #98339U		0				
2831001	630A	DEFD EXPS (A/C 186)				0		
2831001	630J	DEFD STORM DAMAGE				0		
2831001	630M	RATE CASE DEFD CHGS				0		
2831001	631A	DEFD VALENCE EXPENSES-CURRENT				0		
2831001	631B	DEFD VALENCE EXPENSES-NON-CURRENT				0		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP				0		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283		0				
2831001	660A	TRANSITION REGULATORY ASSETS		0				
2831001	660F	REG ASSET - SFAS 143 - ARO		0				
2831001	664X	REG ASSET-SFAS 143 - ARO		0				
2831001	660L	REG ASSET - DEFERRED LITIGATION COSTS		0				
2831001	661R	REG ASSET - SFAS 158 - PENSIONS		0				
2831001	661S	REG ASSET-SFAS 158 - PENSIONS		0				
2831001	661T	REG ASSET - SFAS 158 - SERP		0				
2831001	661U	REG ASSET - SFAS 158 - OPEB		0				
2831001	664A	REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA		0				
2831001	664R	REG ASSET-VALLEY DISTRICT DUE DILIGENCE		0				
2831001	664S	REG ASSET-VEPCO EMPLOYEE RETIREMENT		0				
2831001	664U	REG ASSET-VEPCO ACQUIS/INVESTMENTS		0				
2831001	664V	REG ASSET-NET CCS FEED STUDY COSTS		0				
2831001	664X	REG ASSET-SWEP/COVE/MCO TRANSACTION COST		0				
2831001	668P	REG ASSET-LA 2009 FRP ASSET		0				
2831001	900A	LOSS ON REACQUIRED DEBT				0		
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT				0		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP						0
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT						0
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN						0
2831001	906Z	SFAS 106 - MEDICARE SUBSIDY - (PPACA)-REG ASSET						0
2831001	913Y	BK DEFL - MERGER COSTS		0				
2831001	920G	TX AMORT-30% OF MINE DEV COSTS		0				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS		0				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST		0				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT		0				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED				0		
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0	0	0	0	0	0
(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)								
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET-MJE		0				
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL		0				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY		0				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY		0				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY		0				
1901001	460A	UNBILLED REVENUE		0				
1901001	520A	PROVS POSS REV REFDS-A/L				0		
1901001	562G	DEFERRED BOOK GAIN/LOSS ON SALE				0		
1901001	576F	DEFERRED BOOK GAIN/LOSS ON SALE-LT		0				
1901001	576F	MARK & SPREAD-DEFL-190-A/L		0				
1901001	602A	PROV WORKER'S COMP						0
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN						0
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158		0				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP						0
1901001	605J	EMPLOYER SAVINGS PLAN MATCH						0
1901001	605K	ACCURED BK BENEFIT COSTS						0
1901001	605O	ACCURED PSI PLAN EXP						0
1901001	610A	BK PROV UNCOLL ACCTS				0		
1901001	610U	BK PROV UNCOLL ACCTS - ST				0		
1901001	610U	PROV-TRADING CREDIT RISK - A/L		0				
1901001	610V	PROV-FAS 157 - A/L		0				
1901001	611E	ACCURED MINE RECLAMATION		0				
1901001	611G	DEFD COMPENSATION-BOOK EXPENSE						0
1901001	611Y	PROVISION FOR LITIGATION				0		
1901001	612G	ACCRD COMPANY INCENT PLAN-ENGAGE TO GAIN						0
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN						0
1901001	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT				0		
1901001	613E	ACCURED BOOK VACATION PAY						0
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN						0
1901001	613V	ACCRD BK SEI EMP BENEFIT COSTS		0				
1901001	613Y	ACCURED BK SEVERANCE BENEFITS						0
1901001	615A	ACCURED INTEREST EXP -STATE				0		
1901001	615B	ACCURED INTEREST-LONG-TERM - FIN 48		0				
1901001	615B-MJE	ACCRD INTRST-TAX RES-LT-FIN 48-MJE		0				
1901001	615C	ACCURED INTEREST-SHORT-TERM - FIN 48		0				
1901001	615C-MJE	ACCRD INTRST-TAX RES-ST-FIN 48-MJE		0				
1901001	615E	ACCURED STATE INCOME TAX EXP		0				
1901001	615O	BK DFL RAIL TRANS REV/EXP		0				
1901001	633Y	DEFD REVENUE-DSM LOST REVENUES		0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA		0				
1901001	641I	ADVANCE RENTAL INC (CUR MO)				0		
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT		0				
1901001	651F	DISALLOWED COSTS - TURK PLANT		0				
1901001	651G	DISALLOWED COSTS - TURK PLANT ADDITIONAL CAP		0				
1901001	651H	DISALLOWED COSTS - TURK PLANT AUX BOILER		0				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL		0				
1901001	664G	REG LIAB-MIRROR AFUDC-LA		0				
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS				0		
1901001	701A	AMORT - GOODWILL PER BOOKS		0				
1901001	702A	GOODWILL PER TAX		0				
1901001	710H	AMORT ELEC PLT ACQ ADJS				0		
1901001	906F	ACCRD OPEB COSTS - SFAS 158		0				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143		0				
1901001	911F-FIN48	FIN 48 DSIT		0				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED				0		
1901001	911S	ACCURED SALES & USE TAX RESERVE		0				
1901001	911T	ACCURED SALES & USE TAX RESERVE - MJE		0				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48		0				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE		0				
1901001	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48		0				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT				0		
1901001	960E	AMT CREDIT - DEFERRED		0				
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS				0		
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT		0				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	0	0	0	0	0	0
(Total Company Amount Ties to FF1 p.234(c) -- Electric)								

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

Prepayment Balance Summary

	<u>Average of YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>Total Included in Rate Base (E)+(F)+(G)</u>
5	Totals as of December 31, 2014	0	0	0	0	0
6	Totals as of December 31, 2013	0	0	0	0	0
7	Average Balance	0	0	0	0	0

Prepayments Account 165 - Balance @ 12/31/2014

<u>Acc. No.</u>	<u>Description</u>	<u>2014 YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>Total Included in Rate Base (E)+(F)+(G)</u>
8	1650001 Prepaid Insurance						Plant: Property Ins, Labor Related: Gen Liability
9	1650004 Prepaid Interest	0					Ins, D&O Ins, Workers Comp Ins.
10	1650005 Prepaid Employee Benefits	0					
11	1650006 Other Prepayments		0				Prepaid Royalty Pmts to Coal Leaseholders, Stall
12	1650009 Prepaid Carry Cost		0				Prepaid agreement fees & NERC Assessment fees.
13	1650010 Prepaid Pension Benefits					0	Prefunded Pension Expense
14	165001114 Prepaid Sales Taxes				0	0	
15	165001214 Prepaid Use Taxes		0				
16	165001314 Prepaid Local Franchise Taxes		0				
17	1650014 FAS 158 Qual Contra Asset		0				
18	1650016 FAS 112 ASSETS	0					SFAS 158 Offset
19	1650021 Prepaid Insurance - EIS						0 Liability Ins.
20	1650023 Prepaid Leases		0				
21	1650029 Future Wetland Credits - Long Term		0				Dolet Hills Future Wetlands Credit
22	1650031 Prepaid OCIP Work Comp		0				
23	1650032 Prepaid OCIP Work Comp-Long Term		0				
24	1650033 Prepaid OCIP Work Comp-Affiliated		0				
25	1650034 Prepaid OCIP Work Comp-Affiliated Long Term		0				
26	1650035 PRW Without MED-D Benefits		0				
27	1650036 PRW for Med-D Benefits		0				
28	1650037 FAS158 Contra-PRW Exclude Med-D		0				
29	Subtotal - Form 1, p 111.57.c	0	0	0	0	0	0

Prepayments Account 165 - Balance @ 12/31/2013

<u>Acc. No.</u>	<u>Description</u>	<u>2013 YE Balance</u>	<u>Excludable Balances</u>	<u>100% Transmission Related</u>	<u>Plant Related</u>	<u>Labor Related</u>	<u>Total Included in Rate Base (E)+(F)+(G)</u>
31	1650001 Prepaid Insurance						Plant: Property Ins, Labor Related: Gen Liability
32	1650004 Prepaid Interest	0					Ins, D&O Ins, Workers Comp Ins.
33	1650005 Prepaid Employee Benefits	0					
34	1650006 Other Prepayments		0				
35	1650009 Prepaid Carry Cost		0				
36	1650010 Prepaid Pension Benefits					0	Prefunded Pension Expense
37	165001113 Prepaid Sales Taxes				0	0	
38	165001213 Prepaid Use Taxes		0				
39	1650014 FAS 158 Qual Contra Asset		0				
40	1650016 FAS 112 ASSETS	0					SFAS 158 Offset
41	1650021 Prepaid Insurance - EIS						Plant: EIS Property Ins, Labor Related: EIS Gen
42	1650023 Prepaid Leases		0				0 Liability Ins.
43	1650029 Future Wetland Credits - Long Term		0				Dolet Hills Future Wetlands Credit
44	Subtotal - Form 1, p 111.57.d	0	0	0	0	0	0

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

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

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

Rate Base (Projected TCOS, In 75)	#DIV/0!
R (from A. above)	-
Return (Rate Base x R)	#DIV/0!

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

Return (from B. above)	#DIV/0!
Tax Rate (Projected TCOS, In 108)	35.00%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	0.00%
Income Tax Calculation (Return x EIT)	#DIV/0!
ITC Adjustment (Projected TCOS, In 115)	-
Income Taxes	#DIV/0!

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

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

Net Revenue Requirement (Projected TCOS, In 122)	#DIV/0!
Return (Projected TCOS, In 117)	#DIV/0!
Income Taxes (Projected TCOS, In 116)	#DIV/0!
Gross Margin Taxes (Projected TCOS, In 121)	#DIV/0!
Net Revenue Requirement, Less Return and Taxes	#DIV/0!

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

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

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)	#DIV/0!
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	#DIV/0!
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	#DIV/0!
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	#DIV/0!
Gross-up Required for Gross Margin Tax Expense	#DIV/0!
Total Additional Gross Margin Tax Revenue Requirement	#DIV/0!

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	-
Net Revenue Requirement, with 0 Basis Point ROE increase	#DIV/0!
FCR with 0 Basis Point increase in ROE	0.00%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	#DIV/0!
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (Projected TCOS, In 12)	0.00%
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)	-	<=From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	-	<=From Input on Worksheet B
Transmission Plant Average Balance for 2014	-	
Annual Depreciation Expense (Historic TCOS, In 244)	-	
Composite Depreciation Rate	0.00%	
Depreciable Life for Composite Depreciation Rate	-	
Round to nearest whole year	-	

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

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 135)		0.00%
Project ROE Incentive Adder (Enter as whole number)		0 basis points
ROE with additional 0 basis point incentive		0.00% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 133 through 135)		
	%	Cost
		<u>Weighted cost</u>
Long Term Debt	#DIV/0!	0.0000
Preferred Stock	#DIV/0!	0.0000
Common Stock	#DIV/0!	0.0000
		R = #DIV/0!

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

Rate Base (True-Up TCOS, In 63)	#DIV/0!
R (from A. above)	#DIV/0!
Return (Rate Base x R)	#DIV/0!

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

Return (from B. above)	#DIV/0!
Tax Rate (True-Up TCOS, In 95)	35.00%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	#DIV/0!
Income Tax Calculation (Return x EIT)	#DIV/0!
ITC Adjustment (True-Up TCOS, In 102)	-
Income Taxes	#DIV/0!

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

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

Net Revenue Requirement (True-Up TCOS, In 109)	#DIV/0!
Return (True-Up TCOS, In 104)	#DIV/0!
Income Taxes (True-Up TCOS, In 103)	#DIV/0!
Gross Margin Taxes (True-Up TCOS, In 108)	#DIV/0!
Net Revenue Requirement, Less Return and Taxes	#DIV/0!

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

Net Revenue Requirement, Less Return and Taxes	#DIV/0!
Return (from I.B. above)	#DIV/0!
Income Taxes (from I.C. above)	#DIV/0!
Net Revenue Requirement, with 0 Basis Point ROE increase	#DIV/0!
Gross Margin Tax with Basis Point ROE Increase (II C. below)	#DIV/0!
Revenue Requirement w/ Gross Margin Taxes	#DIV/0!
Less: Depreciation (True-Up TCOS, In 82)	-
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	#DIV/0!

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)	#DIV/0!
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	#DIV/0!
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	#DIV/0!
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	#DIV/0!
Gross-up Required for Gross Margin Tax Expense	#DIV/0!
Total Additional Gross Margin Tax Revenue Requirement	#DIV/0!

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

Net Transmission Plant (True-Up TCOS, In 39)	-
Net Revenue Requirement, with 0 Basis Point ROE increase	#DIV/0!
FCR with 0 Basis Point increase in ROE	0.00%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	#DIV/0!
FCR with 0 Basis Point ROE increase, less Depreciation	0.00%
FCR less Depreciation (True-Up TCOS, In 12)	0.00%
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)	-	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	-	<==From Input on Worksheet B
Transmission Plant Average Balance for 2014	-	
Annual Depreciation Expense (True-Up TCOS, In 82)	-	
Composite Depreciation Rate	0.00%	
Depreciable Life for Composite Depreciation Rate	-	
Round to nearest whole year	-	

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

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

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

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
I. Account 450, Forfeited Discounts		-	
II. Account 451, Miscellaneous Service Revenues		0	
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff		0	
2 Account 4540002 - Rent from Elect Property - Non-Aff			
3 Account 4540005 - Rent from Elect Property - Pole Attach		0	
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff		0	
5 Total Rents from Electirc Property	<u>0</u>		<u>0</u>

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

IV. Account 4560015, Revenues from Associated Business Development			
1 Account 4560015, Revenues from Associated Business Development			
V. Total Other Operating Revenues To Reduce Revenue Requirement			<u>0</u>

VI. Account 456.1, Revenues from Transmission of Electricity of Others			
(Provide data sources and any detailed explanations necessary in Section VIII Notes below)			
Less:			
1 Transmission Direct Assignment Revenue (if costs not in the ARR)			
2 Sponsored Upgrade Revenue			
3 Credits against Transmission Service Revenue related to Generation Interconnections			
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			
7 Distribution and Other Non-Transmission Revenue			
8 Revenue from SPP Ancillary Services Provided			
9 Base Plan Revenue (from SPP)			
10 Flow Through of ERCOT Ancillary Charges			
11 Other			

Net Transmission Credits \$0

VII. Total Worksheet A Revenue Credits \$0

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>
Account 926						
<u>2007 Base Year OPEB Expense (Note 1)</u>						
1	9260021	Postretirement Benefits - OPEB	_____			
2	9260057	Postret Ben Medicare Subsidy	_____			
3		OPEB Billed From Service Corporation	_____			
4		Net 2007 Base Year Expense	_____			
5	<u>2014 Current Year Expense</u>					
6	9260021	Postretirement Benefits - OPEB	_____			
7	9260057	Postret Ben Medicare Subsidy	_____			
8		OPEB Billed From Service Corporation	_____			
9		Net 2014 Expense	_____			
10		Net Increase (Decrease) in OPEB Expense	_____	0		This Amount Is Allocated on Wages & Salaries
Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.						
Account 928						
1	9280000	Regulatory Commission Exp				
2	9280001	Reg Commission Expense - OCC Annual Fees				FERC Annual Assessment
3	9280002	Reg Commission Exp - Labor Accruals				Labor accruals - for various depts
4	9280002	Reg Commission Exp - Case				EECRF Filing-SWEPCO Tx Distribution
5	9280002	Reg Commission Exp - Case				Misc Filing
6	9280002	Reg Commission Exp - Case				To accumulate costs to support an Arkansas rate case for SWEPCO.
7	9280002	Reg Commission Exp - Case				To accumulate costs associated with an Energy Efficiency Rulemaking for SWEPCO Arkansas.
8	9280002	Reg Commission Exp - Case		0		To accumulate AEPSC costs in connection with the preparation and filing of the 2015 Louisiana Integrated Resource Plan IRP .
9	9280002	Reg Commission Exp - Case				General Culture Initiative
10	9280002	Reg Commission Exp - Case				SWEPCO EECRF Filing
11	9280002	Reg Commission Exp - Case				Transmission Formula Rate Updates
12	9280002	Reg Commission Exp - Case				2009 TX Filing - Fuel Rec
13	9280002	Reg Commission Exp - Case				2009 TX Rate Filing
14	9280002	Reg Commission Exp - Case				SWEPCO TX Rate Case filing
15	9280002	Reg Commission Exp - Case				To accumulate operating company costs in connection with preparation and filing of a 2015 SWEPCO Arkansas Base Rate Case.
16	9280002	Reg Commission Exp - Case				Rate Case Support - SWEPCO Turk CWIP Case 2010.
17	9280002	Reg Commission Exp - Case				Rate Case Support - SWEPCO Turk CWIP Case 2011.
18	9280002	Reg Commission Exp - Case				This work order will accumulate charges for the TCRF for SWEPCo transmission.
19	9280002	Reg Commission Exp - Case				SWEPCO Tx Rate Case Exp 2014
20	9280002	Reg Commission Exp - Case				SWEPCO Tx 2014 Filing - Fuel Rec
21	9280002	Reg Commission Exp - Case				SWEPCO Energy Efficiency Cost Recovery Factors
22	9280003	Rate Case Amort				Rate Case Amortization
23		Total (FF1, pg. 323)	0	0	0	
Account 930.1						
24	9301000	General Advertising Expenses			0	
25	9301001	Newspaper Advertising Space			0	
26	9301002	Radio Station Advertising Time			0	
27	9301003	TV Station Advertising Time			0	
28	9301006	Spec Corporate Comm Info Proj	0	0	0	
29	9301008	Direct Mail and Handouts	0	0	0	
30	9301009	Fairs, Shows, and Exhibits	0	0	0	
31	9301010	Publicity			0	
32	9301011	Dedications, Tours, & Openings	0	0	0	
33	9301012	Public Opinion Surveys			0	
34	9301013	Movies Slide Films & Speeches	0	0	0	
35	9301014	Video Communications	0	0	0	
36	9301015	Other Corporate Comm Exp			0	
37		Total (FF1, pg. 323)	0	-	-	
Account 930.2						
38	9302000	Misc General Expenses			0	
39	9302003	Corporate & Fiscal Expenses			0	
40	9302004	Research, Develop&Demonstr Exp			0	
41	9302006	Assoc Bus Development - Materials Sold-Trans			0	
42	9302006	Assoc Bus Development - Materials Sold-Non Trans			0	
43	9302007	Assoc Business Development Exp - Transmission		0		
44	9302007	Assoc Business Development Exp - Non-Transmission			0	
45	9302458	AEPSC Non Affiliated expenses	0	0	0	
46	9270000	Franchise Requirements	0	0	0	
47		Total (FF1, pg. 323)	0	0	-	

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		
Apportionment Factor		
Effective Louisiana State Income Tax Rate	<u> </u>	0.0000%
State Income Tax Rate - Arkansas		
Apportionment Factor		
Effective Arkansas State Income Tax Rate	<u> </u>	0.0000%
State Income Tax Rate - Oklahoma	Note 1	
Apportionment Factor		
Effective Oklahoma State Income Tax Rate	<u> </u>	0.0000%
State Income Tax Rate - Texas		
Apportionment Factor		
Effective Texas State Income Tax Rate	<u> </u>	0.0000%
State Income Tax Rate - Nebraska		
Apportionment Factor		
Effective Nebraska State Income Tax Rate	<u> </u>	0.0000%
Total Effective State Income Tax Rate	<u> </u>	<u>0.0000%</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

	<u>Projected</u>		<u>Historic</u>		<u>Actual</u>	
Line #	Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 117 of Template)	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
1 Apportionment Factor to Texas (In12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2 Apportioned Texas Revenues	\$0	#DIV/0!	\$0	#DIV/0!	#DIV/0!	#DIV/0!
3 Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4 Taxable, Apportioned Margin	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
5 Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6 Texas Gross Margin Tax Expense	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
7 Gross-up Required for Texas Gross Margin Expense	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
8 Total Additional Gross Margin Tax Revenue Requirement	-	#DIV/0!	-	#DIV/0!	#DIV/0!	#DIV/0!
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)	<u> </u>	<u>0.00%</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

	(A)	(B)	(C)	(D)	(E)	(F)
Line No.	Account	Total Company	Property	Labor	Other	Non-Allocable
1	Revenue Taxes					
2	TX Gross Receipts/OH CAT Tax					-
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum		-			
5	Arkansas Ad Valorum		-			
6	Louisiana Ad Valorum		-			
7	Texas Ad Valorum		-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)			-		
10	Federal Unemployment Tax			-		
11	State Unemployment Insurance			-		
12	Production Taxes					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax					-
17	LA State Franchise				-	
18	DE State Franchise				-	
19	AR State Franchise				-	
20	Ok State Franchise Tax				-	
21	Ok State License				-	
22	AR State License				-	
23	NE State License				-	
24	DE State License				-	
25	LA State License				-	
26	AR Local Franchise				-	
27	TX Local Franchise				-	
28	TX State Franchise				-	-
29	LA Local Franchise				-	
30	AR Sales & Use Tax				-	
31	LA Sales & Use Tax				-	-
32	NE Sales & Use Tax				-	-
33	Ok Sales & Use Tax				-	-
34	TX Sales & Use Tax				-	-
35	TX PUC				-	
36	LA Insp & Cntrl Fees				-	
37	State Licence Registration				-	
38	LA PUC				-	
39	AR PUC				-	
40	DE Misc State and Local				-	
41	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	-	-	-	-	-

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

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<u>Long Term Debt (FF1.p. 256-257.h)</u>				
1				
2 TX Local Bank Facility FERC Auth ES 14-24-000		Var	-	p257.1 L12h)
3				
<u>Pollution Control Bonds</u>				
4				
5 PCRB - Parish of DeSoto, LA - Series 2010		3.25%	-	p257 L8(h)
6 PCRB - Sabine River - Series 2006 - 4.95%		4.95%	-	p257 L17(h)
7				
<u>Senior Unsecured Notes</u>				
8				
9 Senior Unsecured Notes - Series C		5.375%	-	p257 L11(h)
10 Senior Unsecured Notes - Series D		4.90%	-	p257 L14(h)
11 Senior Unsecured Notes - Series E		5.55%	-	p257 L20(h)
12 Senior Unsecured Notes - Series F		5.875%	-	p257 L25(h)
13 Senior Unsecured Notes - Series G		6.45%	-	p257 L28(h)
14 Senior Unsecured Notes - Series H		6.20%	-	p257.1 L3(h)
15 Senior Unsecured Notes - Series I		3.55%	-	p257.1 L6(h)
<u>Issuance Discount, Premium, & Expenses:</u>				
16 Financial Hedges & Auction Fees	FF1.p256 & 257.i Lines Described as Hedges or Fees			p257.1,Ln9 p257,Ln23
17 Amort of Debt Discount and Expenses	FF1.p. 117.63.c (or WS-N Ln 15)			-
18 Less: Amor of Debt Premiums	FF1.p. 117.65.c (or WS-N Ln 17)			-
<u>Reacquired Debt:</u>				
19 Amortization of Loss	FF1.p. 117.64.c (or WS-N Ln 16)			-
20 Less: Amortization of Gain	FF1.p. 117.66.c (or WS-N Ln 18)			-
21 Total Interest on Long Term Debt	-	0.00%	-	
<u>Preferred Stock (FF1.p. 250-251)</u>				
	<u>Preferred Balance Outstanding</u>			
				-
				-
				-
22 Dividends on Preferred Stock	-	0.00%	-	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 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)
<u>Line</u>		<u>Balances @</u>	<u>Balances @</u>	<u>Average</u>
<u>Development of Average Balance of Common Equity</u>		<u>12/31/2014</u>	<u>12/31/2013</u>	
1	Total Proprietary Capital (p. 112.16.c&d)			#DIV/0!
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)			#DIV/0!
4	Less Account 219.1 (p. 112.15.c&d)			#DIV/0!
5	Average Balance of Common Equity	-	-	#DIV/0!
<u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u>				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p.112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)			#DIV/0!
10	Total Average Debt	-	-	-
11	Annual Interest Expense for 2014			
12	Coupon Interest on Long Term Debt (256-257.33.i)			
13	Less: Financial Hedge (Gain)/Expense from Ln 26 Included in Ln 12			-
14	Plus: Allowed Hedge Recovery from Ln 30 below			#DIV/0!
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			
19	Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)			#DIV/0!
20	Average Cost of Debt for 2015 (Ln 19/Ln 10)			#DIV/0!
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257			
22	SUN Series I 3.55% Financial Hedge (p.257.1/Ln9)			
23	SUN Series 5.55% Financial Hedge (p.257/Ln23)			
24				
25				
26	Total Hedge Amortization			-
27	Total Average Capital Balance for 2014 (Actual TCOS, Ln 136)			#DIV/0!
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable (Gain)/Expense Amount			#DIV/0!
30	Recoverable Hedge Amortization			#DIV/0!
	<i>(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			
<u>Development of Cost of Preferred Stock</u>				
	<u>Preferred Stock</u>			<u>Average</u>
31	0% Series - - Dividend Rate (p. 250-251. 10.a)			
32	0% Series - - Par Value (p. 250-251. 10.c)			
33	0% Series - - Shares O/S (p.250-251. 10.e)			
34	0% Series - - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	0% Series - - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	0% Series - - Dividend Rate (p. 250-251. 9.a)			
37	0% Series - - Par Value (p. 250-251. 9.c)			
38	0% Series - - Shares O/S (p.250-251. 9.e)			
39	0% Series - - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	0% Series - - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - - Dividend Rate (p. 250-251. 8.a)			
42	0% Series - - Par Value (p. 250-251. 8.c)			
43	0% Series - - Shares O/S (p.250-251. 8.e)			
44	0% Series - - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	Balance of Preferred Stock (Lns 34, 39, 44)	-	-	-
47	Dividends on Preferred Stock (Lns 35, 40, 45)	-	-	-
48	Average Cost of Preferred Stock (Ln 47/46)	0.00%	0.00%	0.00%