

AEP Transmission Formula Rate Template
 Utilizing FERC Form 1 Data
 For rates effective July 1, 2013

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)	211,509,444	\$82,505,038	\$129,004,406
2	LESS: REVENUE CREDITS	(TCOS Line 5)	15,762,511	\$6,216,061	\$9,546,450
3	CURRENT YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(TCOS Line 6)	\$195,746,933	\$76,288,977	\$119,457,956
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:			38.973%	61.027%
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(TCOS Line 7)	40,094,641	6,696,309	33,398,332
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet F)	-	-	-
8	SUBTOTAL		40,094,641	6,696,309	33,398,332
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	155,652,292	69,592,668	86,059,624
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)	\$155,652,292	\$69,592,668	\$86,059,624
12	2012 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, ln 17)	8,177.33 MW		
13	AEP Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) / 12	\$1,586.22		
B. Point-to-Point Service					
14	Annual Point-to-Point Rate in \$/MW - Year	(Line 11 / Line 12)	\$19,034.61		
15	Monthly Point-to-Point Rate in \$/MW - Month	(Line 14 / 12)	\$1,586.22		
16	Weekly Point-to-Point Rate in \$/MW - Weekly	(Line 14 / 52)	\$366.05		
17	Daily On-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 260)	\$73.21		
18	Daily Off-Peak Point-to-Point Rate in \$/MW - Day	(Line 14 / 365)	\$52.15		
19	Hourly On-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 4160)	\$4.58		
20	Hourly Off-Peak Point-to-Point Rate in \$/MW - Hour	(Line 14 / 8760)	\$2.17		

AEP Transmission Formula Rate Template
Utilizing FERC Form 1 Data
For rates effective July 1, 2013

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 2013 Projected Year				
1	Total Load Dispatch & Scheduling (Account 561) (TCOS Line 77)	\$22,209,905	\$10,929,770	\$11,280,135
2	Less: Load Dispatch - Scheduling, System Control and Dispatch Services (321.88.b)	\$14,567,136	\$7,256,250	\$7,310,886
3	Less: Load Dispatch - Reliability, Planning & Standards Development Services (321.92.b)	\$2,167,974	\$1,080,410	\$1,087,564
4	Total 561 Internally Developed Costs (Line 1 - Line 2 - Line 3)	\$5,474,795	\$2,593,110	\$2,881,685
5	Less: PTP Service Credit (prior year Sched 1 revenue from PTP transactions)	541,200	\$255,652	\$285,548
6	PROJECTED ZONAL ARR FOR 2013 (Line 4 - Line 5)	\$4,933,595	\$2,337,458	\$2,596,137
			47.378%	52.622%
B. Schedule 1 Projected 7/1/2013 Rate Calculations				
7	2012 Historic AEP West Zone SPP Average 12-Mo. Peak Demand (Load WS, ln 17)		8,177.33 MW	
8	Annual Point-to-Point Rate in \$/MW - Year (Line 6 / Line 7)	\$603.33		
9	Monthly Point-to-Point Rate (ln 8 / 12) \$/MW - Month (Line 8 / 12)	\$50.28		
10	Weekly Point-to-Point Rate (ln 8 / 52) \$/MW - Weekly (Line 8 / 52)	\$11.60		
11	Daily Off-Peak Point-to-Point Rate (ln 8 / 365) \$/MW - Day (Line 8 / 365)	\$1.65		
12	Hourly Off-Peak Point-to-Point Rate (ln 8 / 8760) \$/MW - Hour (Line 8 / 8760)	\$0.07		

AEP Transmission Formula Rate Template
 Calculation of True-Up Rate For Schedule 9
 For Calendar Year 2012

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

<u>Line No.</u>			AEP Annual Revenue Requirement	PSO Annual Revenue Requirement	SWEPCO Annual Revenue Requirement
A. Network Service					
1	TRUE-UP YEAR 2012 REVENUE REQUIREMENT (w/o incentives)	(True-Up TCOS Line 1)	194,126,952	\$76,861,533	\$117,265,418
2	LESS: REVENUE CREDITS	(True-Up TCOS Line 5)	15,762,511	\$6,216,061	\$9,546,450
3	TRUE-UP YEAR ZONE 1 AEP NETWORK SERVICE REVENUE REQUIREMENT	(True-Up TCOS Line 6)	<u>\$178,364,441</u>	<u>\$70,645,473</u> 39.607%	<u>\$107,718,968</u> 60.393%
4	LESS: REVENUE REQUIREMENTS INCLUDED IN LINE 1 FOR:				
5	BASE PLAN UPGRADES (W/O INCENTIVES)	(True-Up TCOS Line 7)	30,135,289	5,596,501	24,538,788
6	REQUESTED UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
7	ECONOMIC UPGRADES (W/O INCENTIVES)	(Worksheet G)	-	-	-
8	SUBTOTAL		<u>30,135,289</u>	<u>5,596,501</u>	<u>24,538,788</u>
9	EXISTING ZONAL ATRR (W/O INCENTIVES)	(Line 3- Line 8)	<u>148,229,152</u>	<u>65,048,972</u>	<u>83,180,180</u>
10	INCENTIVE REVENUE REQUIREMENT FOR ZONAL PROJECTS	(True-Up TCOS Line 15)	-	-	-
11	TRUED-UP ZONAL ATRR (W/ INCENTIVES) FOR 2012	(Line 9 + Line 10)	148,229,152	65,048,972	83,180,180
12	2012 Historic AEP West Zone SPP Average 12-Mo. Peak Demand	(Load WS, In 17)	8,177.33 MW		
13	Monthly NITS Rate in \$/MW - Month	(Line 11 / Line 12) /12	1,510.57		

AEP Transmission Formula Rate Template
Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
For Calendar Year 2012 and Projected Year 2013

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 2013 From WS-F</u>			<u>True-Up ARR CY2012 From Worksheet G (includes adjustment for SPP Collections)</u>									
							<u>Base ARR</u>			<u>Incentive ARR</u>						
<u>Sheet Name</u>	<u>Owner</u>	<u>Project Description</u>	<u>Year in Service</u>	<u>Base ARR (WS-F)</u>	<u>Incentive</u>	<u>Total</u>	<u>TRUE-UP Adjustment (WS-G)</u>	<u>Projected ADJUSTED ARR from Prior Update</u>	<u>As Billed by SPP (for Prior Yr T-Service)</u>	<u>COLLECTION Adjustment</u>	<u>True-up</u>	<u>As Billed</u>	<u>Change</u>	<u>Interest</u>	<u>Total Adjustments (True-Up, Billing, & Interest)</u>	<u>Total ADJUSTED Revenue Requirement Effective 7/1/2013</u>
P.001	PSO	Riverside-Glenpool (81-523) Reconductor	2009	134,367	-	134,367	4,592	131,114	120,977	10,137	-	-	-	(822)	13,907	148,274
P.002	PSO	Craig Jct. to Broken Bow Dam 138 Rebuild (7.7mi)	2009	698,306	-	698,306	29,402	689,905	636,567	53,338	-	-	-	(4,616)	78,125	776,431
P.003	PSO	WFEC New 138 kV Ties: Sayre to Erick (WFEC) Line & Atoka and Tupelo station work	2009	1,845,125	-	1,845,125	68,565	1,806,525	1,666,858	139,667	-	-	-	(11,616)	196,615	2,041,741
P.004	PSO	Cache-Snyder to Altus Jct. 138 kV line (w/2 ring bus stations)	2008	2,151,638	-	2,151,638	68,662	2,107,686	1,944,736	162,950	-	-	-	(12,920)	218,692	2,370,330
P.005	PSO	Catoosa 138 kV Device (Cap. Bank)	2006	54,854	-	54,854	2,147	53,938	49,768	4,170	-	-	-	(352)	5,965	60,818
P.006	PSO	Pryor Junction 138/69 Upgrade Transf	2008	223,064	-	223,064	8,469	218,888	201,965	16,923	-	-	-	(1,416)	23,975	247,039
P.007	PSO	Elk City - Elk City 69 kV line (CT Upgrades)*	2007	12,334	-	12,334	444	12,008	11,080	928	-	-	-	(77)	1,296 *	13,630
P.008	PSO	Weleetka & Okmulgee Wavetrap replacement 81-805*	2006	7,950	-	7,950	387	7,874	7,265	609	-	-	-	(56)	940 *	8,890
P.009	PSO	Tulsa Southeast Upgrade (repl switches)*	2007	10,476	-	10,476	501	10,358	9,557	801	-	-	-	(73)	1,230 *	11,706
P.010	PSO	Wavetrap Clinton City-Foss Tap 69kV Ckt 1	2010	14,674	-	14,674	603	13,071	12,061	1,011	-	-	-	(90)	1,523	16,197
P.011	PSO	Bartlesville SE to Coffeyville T Rebuild	2011	231,717	-	231,717	17,981	62,782	57,928	4,854	-	-	-	(1,274)	21,561	253,279
P.012	PSO	Canadian River - McAlester City 138 kV Line Conversion	2012	437,538	-	437,538	(123,009)	160,762	148,333	12,429	-	-	-	6,169	(104,411)	333,127
P.013	PSO	CoffeyvilleT to Dearing 138 kv Rebuild - 1.1 mi	2010	3,490	-	3,490	117	3,259	3,007	252	-	-	-	(21)	348	3,838
P.014	PSO	Ashdown West - Craig Junction	2013	870,775	-	870,775	-	-	-	-	-	-	-	-	-	870,775
PSO Total				6,696,309	-	6,696,309	78,861	5,278,169	4,870,101	408,068	-	-	-	\$ (27,163)	459,766	\$ 7,156,075
* < \$100K investment																
Informational ONLY																
				33,398,332	-	33,398,332	(4,744,618)	29,109,345	26,858,834	2,250,511	-	-	-	(119,100)	(2,613,207)	30,785,125
SWEPCO Total				40,094,640	-	40,094,640	(4,665,757)	34,387,514	31,728,935	2,658,579	-	-	-	(146,262)	(2,153,441)	37,941,200
AEP TOTALS																

AEP Transmission Formula Rate Template
 Calculation of Schedule 11 Revenue Requirements For AEP Transmission Projects
 For Calendar Year 2012 and Projected Year 2013

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)
Projected ARR For 2013 From WS-F							True-Up ARR CY2012 From Worksheet G (includes adjustment for SPP Collections)									
							Base ARR				Incentive ARR				Total ADJUSTED	
Sheet	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)	Revenue Requirement Effective 7/1/2013
S.001	SWE	Arsenal Hill Auto xfmr & AH to Water Works line	2009	2,651,038	-	2,651,038	12,132	3,535,865	3,262,499	273,366	-	-	-	13,633	299,131	2,950,169
S.002	SWE	SW Shreveport (sub work & tap)	2009	1,219,128	-	1,219,128	19,950	1,720,289	1,587,290	133,000	-	-	-	7,304	160,254	1,379,382
S.003	SWE	[NW Ark Area Improve - 2009] E. Centerton-Flint Crk, E Rogers-N Rogers, Centerton	2009	2,057,846	-	2,057,846	(10,487)	2,580,667	2,381,150	199,517	-	-	-	9,027	198,058	2,255,904
S.004	SWE	Rebuild N. Magazine - Danville 161 kV Line	2009	1,727,940	-	1,727,940	(4,577)	2,249,869	2,075,927	173,943	-	-	-	8,088	177,453	1,905,393
S.005	SWE	[Greenwood, AR Area Improve] N Huntington, Greenwood, Reeves, Bonanza	2009	447,281	-	447,281	2,001	595,920	549,848	46,072	-	-	-	2,296	50,368	497,650
S.006	SWE	Port Robson-Caplis Line (SW 138 kV Loop -- 2009)	2009	5,356,070	-	5,356,070	(428,559)	1,838,947	1,696,774	142,173	-	-	-	(13,676)	(300,062)	5,056,009
S.007	SWE	Linwood 138 Station Switch Replacement*	2009	11,504	-	11,504	77	15,096	13,929	1,167	-	-	-	59	1,304	12,807
S.008	SWE	Dyess to S. Fayetteville 69 kV Convert to 161 kV (multi-projects)	2008	1,404,807	-	1,404,807	17,703	2,145,958	1,980,049	165,909	-	-	-	8,768	192,380	1,597,187
S.009	SWE	Northwest Texarkana-Bann-Alumax Tap 138kV -- reconductor	2008	415,433	-	415,433	(2,070)	600,460	554,037	46,423	-	-	-	2,118	46,471	461,904
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	27,146	-	27,146	(290)	38,390	35,422	2,968	-	-	-	128	2,806	29,952
S.013	SWE	Carthage REC - Carthage T 138 kV	2006	521,930	-	521,930	15,092	755,669	697,246	58,422	-	-	-	3,511	77,025	598,955
S.014	SWE	NW Henderson - Oak Hill 138 kV line*	2007	11,859	-	11,859	53	17,477	16,126	1,351	-	-	-	67	1,471	13,329
S.015	SWE	Arsenal Hill 138kV Device (Cap. Bank)	2007	52,538	-	52,538	(155)	76,335	70,434	5,902	-	-	-	274	6,021	58,559
S.016	SWE	Daingerfield - Jenkins REC 69 kV CB Repl**	2008	57,557	-	57,557	1,059	86,242	79,574	6,668	-	-	-	369	8,095	65,652
S.017	SWE	Linwood-McWillie 138 kV Rebuild	2008	285,159	-	285,159	(988)	369,518	340,949	28,568	-	-	-	1,317	28,898	314,056
S.018	SWE	Port Robson (SW 138 kV Loop -- 2008)	2009	-	-	-	-	-	-	-	-	-	-	-	-	-
S.019	SWE	Wallace Lake-Prt Robson-Red Point 138 kV Loop	2008	655,325	-	655,325	(2,970)	844,579	779,283	65,296	-	-	-	2,976	65,302	720,627
S.020	SWE	[NW Ark Area Improve - 2008] Elm Springs, East Rogers, Shipe Road Stations	2008	-	-	-	-	(3,790)	(3,497)	(293)	-	-	-	(14)	(307)	(307)
S.021	SWE	Reconductor 4 mi. of McNabb-Turk	2010	247,636	-	247,636	2,248	262,180	241,910	20,270	-	-	-	1,075	23,593	271,229
S.022	SWE	Longwood: r&r switches, upgrade bus	2010	31,270	-	31,270	86	30,675	28,304	2,372	-	-	-	117	2,575	33,845
S.023	SWE	Reconductor: Greggton-Lake Lamond & Quitman-Westwood 69 kV lines	2010	728,178	-	728,178	2,526	826,729	762,812	63,916	-	-	-	3,173	69,615	797,793
S.024	SWE	Rebuild/reconductor Dyess-Elm Springs REC [Dyess Station-Flint Creek]	2010	797,043	-	797,043	3,107	895,985	826,715	69,271	-	-	-	3,456	75,834	872,877
S.025	SWE	Replace switch at Diana*	2010	13,656	-	13,656	31	15,381	14,192	1,189	-	-	-	58	1,278	14,935
S.026	SWE	Whitney repl CB and Switches	2011	39,148	-	39,148	(381)	79,859	73,685	6,174	-	-	-	277	6,070	45,217
S.027	SWE	Linwood - Powell Street 138 kV	2012	68,252	-	68,252	(35,134)	71,516	65,987	5,529	-	-	-	(1,414)	(31,019)	37,233
S.028	SWE	Bloomburg-Texarkana Plant	2012	835,578	-	835,578	(478,743)	924,422	852,952	71,469	-	-	-	(19,448)	(426,722)	408,856
S.029	SWE	Knox Lee - Pirkey 138 kV / Pirkey - Whitney 138 kV - Replace Breaker, Wavetraps, and reset relays and CTs	2012	302,755	-	302,755	(87,516)	226,337	208,839	17,499	-	-	-	(3,343)	(73,360)	229,395
S.030	SWE	NW Texarkana - Turk 345	2012	7,516,780	-	7,516,780	(3,557,210)	7,374,864	6,804,696	570,168	-	-	-	(142,638)	(3,129,681)	4,387,100
S.031	SWE	Lone Star South - Pittsburg 138 kV - Replace Wavetraps, reset CT's and Relays	2012	36,554	-	36,554	(25,608)	45,131	41,641	3,489	-	-	-	(1,056)	(23,175)	13,379
S.032	SWE	Howell-Kilgore 69 kV rebuild	2012	668,051	-	668,051	(277,440)	633,178	584,225	48,952	-	-	-	(10,911)	(239,398)	428,653
S.033	SWE	Flint Creek-Shipe Road 345 kV Line	2012	1,998,597	-	1,998,597	91,444	255,597	235,836	19,761	-	-	-	5,310	116,515	2,115,113
S.034	SWE	Bann - LS Ordnance - Hooks 69 kV - Rebuild 7.1 mi	2013	1,228,498	-	1,228,498	-	-	-	-	-	-	-	-	-	1,228,498
S.035	SWE	Diana - Replace North Autotransformer #3	2013	570,105	-	570,105	-	-	-	-	-	-	-	-	-	570,105
S.036	SWE	Osburn 161 kV Line Work	2013	259,908	-	259,908	-	-	-	-	-	-	-	-	-	259,908
S.037	SWE	SW Shreveport to Spring Ridge REC 138 kV Line Rebuild	2013	688,813	-	688,813	-	-	-	-	-	-	-	-	-	688,813
S.038	SWE	Eastex Switching Station - Whitney 138 kV Station - Rebuild 2.5 miles of 138 Kv	2013	464,947	-	464,947	-	-	-	-	-	-	-	-	-	464,947
SWEPCO Total				33,398,332	-	33,398,332	(4,744,618)	29,109,345	26,858,834	2,250,511	-	-	-	(119,100)	(2,613,207)	\$ 30,785,125
*<\$100K investment, **AI xfer, ***Non-BPU (to be removed from list in future).																
Informational ONLY																
PSO Total				6,696,309	-	6,696,309	78,861	5,278,169	4,870,101	408,068	-	-	-	(27,163)	459,766	7,156,075
AEP TOTALS				40,094,640	-	40,094,640	(4,665,757)	34,387,514	31,728,935	2,658,579	-	-	-	(146,262)	(2,153,441)	37,941,200

AEP West (SPP Zone-1)
Network Load for January Through December, 2012
Based on West Zone-SPP Monthly Transmission System Firm Peak Demands [1] for the Twelve Months Ended December 31, 2012

Historical Combined Load Worksheet (SPP Zone - 1)

Line No.	Peak Day Peak Hour	1/13/2012 800	2/13/2012 1100	3/31/2012 1800	4/26/2012 1700	5/29/2012 1700	6/26/2012 1700	7/30/2012 1600	8/2/2012 1700	9/4/2012 1700	10/24/2012 1700	11/28/2012 800	12/12/2012 800	12 Month Average MW	LRS
SPP Load Responsibility															
1	PSO (2)	2,565.00	2,525.00	2,459.00	2,807.00	3,576.00	4,120.00	4,290.00	4,427.00	4,128.00	2,607.00	2,268.00	2,482.00	3,187.83	39.0%
2	SWEPCO (2)	2,832.50	2,679.50	2,377.50	2,732.50	3,389.50	3,887.50	3,935.50	3,842.50	3,756.50	2,589.50	2,457.50	2,829.50	3,109.17	38.0%
3	AECC (3)	653.00	576.00	479.00	476.00	711.00	868.00	837.00	841.00	818.00	456.00	548.00	605.00	655.67	8.0%
4	WFEC (3)	35.00	33.00	29.00	28.00	32.00	35.00	36.00	36.00	34.00	26.00	33.00	33.00	32.50	0.4%
5	OMPA (3)	80.00	85.00	81.00	103.00	136.00	164.00	169.00	177.00	161.00	88.00	71.00	80.00	116.25	1.4%
6	OG&E (3)	18.00	15.00	22.00	9.00	20.00	24.00	19.00	23.00	24.00	22.00	21.00	23.00	20.00	0.24%
7	NTEC (3)	693.00	585.00	423.00	413.00	590.00	696.00	701.00	684.00	662.00	387.00	553.00	701.00	590.67	7.2%
8	ETEC (3)	89.00	70.00	54.00	45.00	76.00	92.00	90.00	89.00	85.00	53.00	68.00	87.00	74.83	0.9%
9	TEXLA (3)	105.00	85.00	68.00	71.00	96.00	117.00	113.00	111.00	109.00	71.00	83.00	101.00	94.17	1.2%
10	Greenbelt (3)	4.00	3.00	4.00	6.00	7.00	11.00	13.00	13.00	11.00	5.00	7.00	6.00	7.50	0.09%
11	Lighthouse (3)	1.00	1.00	2.00	1.00	3.00	3.00	3.00	4.00	2.00	2.00	1.00	1.00	2.00	0.02%
12	Bentonville, AR (3)	91.00	84.00	82.00	94.00	124.00	147.00	147.00	155.00	147.00	92.00	85.00	89.00	111.42	1.4%
13	Prescott, AR (Entergy) (3)	10.00	9.00	10.00	11.00	15.00	13.00	15.00	15.00	15.00	13.00	9.00	11.00	12.17	0.15%
14	Minden, LA (Entergy) (3)	23.00	23.00	22.00	26.00	36.00	42.00	42.00	63.00	40.00	24.00	19.00	22.00	31.83	0.4%
15	Hope, AR (3)	42.00	40.00	37.00	42.00	54.00	56.00	61.00	59.00	54.00	42.00	38.00	43.00	47.33	0.6%
16	Coffeyville, KS (3)	93.00	93.00	85.00	94.00	105.00	62.00	62.00	61.00	74.00	91.00	93.00	95.00	84.00	1.0%
17	Zone 1 - System Firm Peak Demands	7,334.50	6,906.50	6,234.50	6,958.50	8,970.50	10,337.50	10,533.50	10,600.50	10,120.50	6,568.50	6,354.50	7,208.50	8,177.33	
Supporting Data															
18	PSO: PSO Native Load (2)	2,522.00	2,488.00	2,428.00	2,775.00	3,532.00	4,070.00	4,235.00	4,373.00	4,077.00	2,584.00	2,236.00	2,446.00		
19	KAMO	33.00	29.00	26.00	28.00	38.00	43.00	47.00	49.00	45.00	23.00	28.00	29.00		
20	GRDA load on PSO	15.00	12.00	8.00	8.00	10.00	12.00	13.00	14.00	12.00	5.00	9.00	10.00		
21	Allen Holdenville	-5.00	-4.00	-3.00	-4.00	-4.00	-5.00	-5.00	-9.00	-6.00	-5.00	-5.00	-3.00		
22	PSO Load Responsibility	2565.00	2525.00	2459.00	2807.00	3576.00	4120.00	4290.00	4427.00	4128.00	2607.00	2268.00	2482.00		
23	SWEPCO: SWEPCO Native Load (2) (5)	2,955.00	2,757.00	2,436.00	2,806.00	3,495.00	4,018.00	4,062.00	3,967.00	3,872.00	2,664.00	2,558.00	2,940.00		
24	Lafayette	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00		
25	Dolet Hills Aux. Load (4)	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
26	VEMCO (on Entergy/CLECO)	-138.00	-93.00	-75.00	-89.00	-121.00	-146.00	-142.00	-140.00	-131.00	-90.00	-116.00	-126.00		
27	VEMCO (SPA Hydro Replacement) (6)	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50		
28	SWEPCO Load Responsibility	2832.50	2679.50	2377.50	2732.50	3389.50	3887.50	3935.50	3842.50	3756.50	2589.50	2457.50	2829.50		

Notes:

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

AEP West SPP Member Companies
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Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 120)				\$82,505,038
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,748,164	DA	1.00000	\$ 5,748,164
4	Assoc. Business Development	(Worksheet H)	467,897	DA	1.00000	\$ 467,897
5	Total Revenue Credits		6,216,061			\$ 6,216,061
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				<u>\$76,288,977</u>
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)		6,696,309	DA	1.00000	\$ 6,696,309
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(In 1 / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				16.85%
10	Monthly Rate	(In 9 / 12)				1.40%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((In 1 - In 95) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				14.28%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((In 1 - In 95 - In 117 - In 118) / (Sum of Ins 46, 47, 48, 49, 51)) x 100%				4.96%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 2013 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

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	(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)	1,342,905,530	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(13,330,557)	NA	0.00000
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	706,917,109	DA	
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP	0.92905
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		51,380,989	DA	1.00000
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP	0.92905
22	Distribution	(Worksheet A In 5.C)	1,859,375,106	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)	146,062,810	W/S	0.07536
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(558,274)	W/S	0.07536
26	Intangible Plant	(Worksheet A In 9.C)	40,204,612	W/S	0.07536
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	4,132,957,325		
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	717,461,660	NA	0.00000
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(2,553,598)	NA	0.00000
31	Transmission	(Worksheet A In 14.C & 28.C)	218,642,096	TP1=	0.92277
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1=	0.92277
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		615,982	DA	1.00000
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
35	Plus: Additional Transmission Depreciation for 2013 (In 95)		13,543,408	TP1	0.92277
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		11,622,970	W/S	0.07536
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA	1.00000
38	Distribution	(Worksheet A In 16.C)	506,296,982	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)	80,042,574	W/S	0.07536
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(320,337)	W/S	0.07536
42	Intangible Plant	(Worksheet A In 20.C)	26,711,833	W/S	0.07536
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	1,572,063,570		
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	614,666,911		
46	Transmission	(In 18 + In 19 - In 31 - In 32)	488,275,013		
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		50,765,007		
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		
49	Plus: Additional Transmission Depreciation for 2013 (-In 35)		(13,543,408)		
50	Plus: Additional General & Intangible Depreciation for 2013 (-In 36)		(11,622,970)		
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		
52	Distribution	(In 22 + In 23 - In 38 - In 39)	1,353,078,124		
53	General Plant	(In 24 + In 25 - In 40 - In 41)	65,782,299		
54	Intangible Plant	(In 26 - In 42)	13,492,779		
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	2,560,893,755		
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)	(656,976,392)	DA	
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & In 12.J)	(159,831,378)	DA	
60	Account No. 190.1	(Worksheet C, In 19.C & In 21.J)	88,494,193	DA	
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & In 30.J)	(182,874)	DA	
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(728,496,451)		
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	181,474	DA	
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	1,528,687		
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	419,745	TP	0.92905
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	324,917	W/S	0.07536
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h)	0.16343
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	111,415,611	W/S	0.07536
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	2,904,855	GP(h)	0.16343
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA	1.00000
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(107,233,277)	NA	0.00000
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	9,360,538		
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(3,612,688)	DA	1.00000
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		1,838,326,629		

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	56,718,579		
77	Less: Total Account 561	(Note I) 321.84-92.b	10,929,770		
78	Less: Account 565	(Note J) 321.96.b	33,559,313		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
80	Total O&M Allocable to Transmission	(Ins 76 - 77 - 78 - 79)	12,229,496	TP 0.92905	11,361,869
81	Administrative and General	323.197.b (Note K)	56,826,100		
82	Less: Acct. 924, Property Insurance	323.185.b	2,267,950		
83	Acct. 928, Reg. Com. Exp.	323.189.b	1,674,535		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	234,643		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,415,907		
86	Balance of A & G	(In 81 - sum In 82 to In 85)	50,233,065	W/S 0.07536	3,785,532
87	Plus: Acct. 924, Property Insurance	(In 82)	2,267,950	GP(h) 0.16343	370,642
88	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	18,073	TP 0.92905	16,790
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 32.(E) (Note L)	2,155	TP 0.92905	2,002
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 41.(E) (Note L)	316,110	DA 1.00000	316,110
91	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(865,036)	W/S 0.07536	(65,189)
92	A & G Subtotal	(sum Ins 86 to 90 less In 91)	53,702,389		4,556,266
93	TOTAL O & M EXPENSE	(In 80 + In 92)	65,931,885		15,918,135
94	DEPRECIATION AND AMORTIZATION EXPENSE				
95	Transmission	336.7.f	13,543,408	TP 0.92905	12,582,565
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		615,982	DA 1.00000	615,982
97	General	336.10.f	4,607,509	W/S 0.07536	347,219
98	Intangible	336.1.f	7,015,461	W/S 0.07536	528,681
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 95 to 98)	25,782,360		14,074,447
100	TAXES OTHER THAN INCOME	(Note N)			
101	Labor Related				
102	Payroll	Worksheet L, Col. D	4,624,157	W/S 0.07536	348,474
103	Plant Related				
104	Property	Worksheet L, Col. C	38,584,200	GP(h) 0.16343	6,305,670
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	2,934	NA 0.00000	-
106	Other	Worksheet L, Col. E	217,231	GP(h) 0.16343	35,501
107	TOTAL OTHER TAXES	(sum Ins 102 to 106)	43,428,522		6,689,645
108	INCOME TAXES	(Note O)			
109	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.57%		
110	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		41.12%		
111	where WCLTD=(In 147) and WACC = (In 150)				
112	and FIT, SIT & p are as given in Note O.				
113	$GRCF=1 / (1 - T) =$ (from In 109)		1.6278		
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(856,408)		
115	Income Tax Calculation	(In 110 * In 118)	63,108,597		13,368,479
116	ITC adjustment	(In 113 * In 114)	(1,394,018)	NP(h) 0.18037	(251,446)
117	TOTAL INCOME TAXES	(sum Ins 115 to 116)	61,714,579		13,117,033
118	RETURN ON RATE BASE (Rate Base*WACC)	(In 75 * In 150)	153,481,914		32,512,523
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		193,255	DA 1.00000	193,255
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		350,532,514		82,505,038
121	(sum Ins 93, 99, 107, 117, 118, 119)				
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		350,532,514		82,505,038

AEP West SPP Member Companies
 2013 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 109) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 5.49% (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 138) / long term debt (ln 147). Preferred Stock cost rate = preferred dividends (ln 139) / preferred outstanding (ln 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.			Total	Allocator	Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(In 271)			\$77,311,829
153	REVENUE CREDITS	(Note A)			
154	Transmission Credits	(Worksheet H)	5,748,164	DA 1.00000	\$ 5,748,164
155	Assoc. Business Development	(Worksheet H)	467,897	DA 1.00000	\$ 467,897
156	Total Revenue Credits		6,216,061		\$ 6,216,061
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)			\$ 71,095,768

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

158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		6,696,309	DA 1.00000	\$ 6,696,309
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)				
160	Annual Rate	(In 152/ In 197 x 100%)			17.13%
161	Monthly Rate	(In 160 / 12)			1.43%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives) (Note B)				
163	Annual Rate	((In 152 - In 246) / In 197 x 100%)			14.36%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)				
165	Annual Rate	((In 152 - In 246 - In 268 - In 269) / In 197 x 100%)			5.23%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)				-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
167	Production	(Worksheet A In 1.C)	1,342,905,530	NA 0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(13,330,557)	NA 0.00000	-
169	Transmission	(Worksheet A In 3.C & Ln 278)	706,917,109	DA	653,119,318
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.92390	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	1,859,375,106	NA 0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
175	General Plant	(Worksheet A In 7.C)	146,062,810	W/S 0.07494	10,946,109
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(558,274)	W/S 0.07494	(41,838)
177	Intangible Plant	(Worksheet A In 9.C)	40,204,612	W/S 0.07494	3,012,978
178	TOTAL GROSS PLANT	(sum lns 167 to 177)	4,081,576,336	GP(h)= 0.163426 GTD= 0.27546	667,036,568
179	ACCUMULATED DEPRECIATION AND AMORTIZATION				
180	Production	(Worksheet A In 12.C)	717,461,660	NA 0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(2,553,598)	NA 0.00000	-
182	Transmission	(Worksheet A In 14.C & 28.C)	218,642,096.000	TP1= 0.92277	201,756,854.641
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.92277	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2013 (In 246)		N/A	TP1 0.92277	N/A
187	Plus: Additional General & Intangible Depreciation for 2013 (In 248+In 249)		N/A	W/S 0.07494	N/A
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
189	Distribution	(Worksheet A In 16.C)	506,296,982	NA 0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
191	General Plant	(Worksheet A In 18.C)	80,042,574	W/S 0.07494	5,998,479
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(320,337)	W/S 0.07494	(24,006)
193	Intangible Plant	(Worksheet A In 20.C)	26,711,833	W/S 0.07494	2,001,814
194	TOTAL ACCUMULATED DEPRECIATION	(sum lns 180 to 193)	1,546,281,210		209,733,142
195	NET PLANT IN SERVICE				
196	Production	(In 167 + In 168 - In 180 - In 181)	614,666,911		-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	488,275,013		451,362,463.849
198	Plus: Transmission Plant-in-Service Additions (In 171 - In 184)		N/A		N/A
199	Plus: Additional Trans Plant on Transferred Assets (In 172 - In 185)		N/A		N/A
200	Plus: Additional Transmission Depreciation for 2013 (-In 186)		N/A		N/A
201	Plus: Additional General & Intangible Depreciation for 2013 (-In 187)		N/A		N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 188)		N/A		N/A
203	Distribution	(In 173 + In 174 - In 189 - In 190)	1,353,078,124		-
204	General Plant	(In 175 + In 176 - In 191 - In 192)	65,782,299		4,929,798
205	Intangible Plant	(In 177 - In 193)	13,492,779		1,011,164
206	TOTAL NET PLANT IN SERVICE	(sum lns 196 to 205)	2,535,295,126	NP(h)= 0.180375	457,303,426
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
209	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(656,976,392)	DA	(115,833,858)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(159,831,378)	DA	(3,984,988)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	88,494,193	DA	7,445,698
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	(182,874)	DA	(29,886)
213	TOTAL ADJUSTMENTS	(sum lns 208 to 212)	(728,496,451)		(112,403,035)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	181,474	DA	-
215	WORKING CAPITAL	(Note F)			
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,528,687		1,412,351
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	419,745	TP 0.92390	387,802
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	324,917	W/S 0.07494	24,350
219	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.16343	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	111,415,611	W/S 0.07494	8,349,609
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	2,904,855	GP(h) 0.16343	474,729
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(107,233,277)	NA 0.00000	-
224	TOTAL WORKING CAPITAL	(sum lns 216 to 223)	9,360,538		10,648,841
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(3,612,688)	DA 1.00000	(3,612,688)
226	RATE BASE (sum lns 206, 213, 214, 224, 225)		1,812,728,000		351,936,545

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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
227	OPERATION & MAINTENANCE EXPENSE				
227	Transmission	321.112.b	56,718,579		
228	Less: Total Account 561	(Note I) 321.84-92.b	10,929,770		
229	Less: Account 565	(Note J) 321.96.b	33,559,313		
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		-		
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	12,229,496	TP 0.92390	11,298,807
232	Administrative and General	323.197.b (Note K)	56,826,100		
233	Less: Acct. 924, Property Insurance	323.185.b	2,267,950		
234	Acct. 928, Reg. Com. Exp.	323.189.b	1,674,535		
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	234,643		
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,415,907		
237	Balance of A & G	(In 232 - sum In 233 to In 236)	50,233,065	W/S 0.07494	3,764,522
238	Plus: Acct. 924, Property Insurance	(In 233)	2,267,950	GP(h) 0.16343	370,642
239	Acct. 928 - Transmission Specific	Worksheet J In 20.(E) (Note L)	18,073	TP 0.92390	16,697
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 32.(E) (Note L)	2,155	TP 0.92390	1,991
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 41.(E) (Note L)	316,110	DA 1.00000	316,110
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	(865,036)	W/S 0.07494	(64,827)
243	A & G Subtotal	(sum Ins 237 to 241 less In 242)	53,702,389		4,534,789
244	TOTAL O & M EXPENSE	(In 231 + In 243)	65,931,885		15,833,596
245	DEPRECIATION AND AMORTIZATION EXPENSE				
246	Transmission	336.7.f	13,543,408	TP 0.92390	12,512,728
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
248	General	336.10.f	4,607,509	W/S 0.07494	345,292
249	Intangible	336.1.f	7,015,461	W/S 0.07494	525,746
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	25,166,378		13,383,766
251	TAXES OTHER THAN INCOME	(Note N)			
252	Labor Related				
253	Payroll	Worksheet L, Col. D	4,624,157	W/S 0.07494	346,539
254	Plant Related				
255	Property	Worksheet L, Col. C	38,584,200	GP(h) 0.16343	6,305,670
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	2,934	NA 0.00000	-
257	Other	Worksheet L, Col. E	217,231	GP(h) 0.16343	35,501
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	43,428,522		6,687,710
259	INCOME TAXES	(Note O)			
260	$T=1 - \{(1 - \text{SIT}) * (1 - \text{FIT})\} / (1 - \text{SIT} * \text{FIT} * p) =$		38.57%		
261	$\text{EIT}=(T/(1-T)) * (1-(\text{WCLTD}/\text{WACC})) =$		41.12%		
262	where WCLTD=(In 298) and WACC = (In 301)				
263	and FIT, SIT & p are as given in Note O.				
264	$\text{GRCF}=1 / (1 - T) =$ (from In 260)		1.6278		
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(856,408)		
266	Income Tax Calculation	(In 261 * In 269)	62,229,812		12,081,760
267	ITC adjustment	(In 264 * In 265)	(1,394,018)	NP(h) 0.18037	(251,446)
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	60,835,794		11,830,314
269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	151,344,684		29,383,187
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		193,255	DA 1.00000	193,255
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		346,900,518		77,311,829
272	(sum Ins 244, 250, 258, 268, 269, 270)				
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		346,900,518		77,311,829

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SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						706,917,109
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)							35,920,833
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							17,876,958
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						<u>653,119,318</u>
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					TP=	0.92390
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
281	Production	354.20.b	24,119,231	9,346,737	33,465,968	NA	0.00000	-
282	Transmission	354.21.b	2,862,358	2,863,190	5,725,548	TP	0.92390	5,289,822
283	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
284	Distribution	354.23.b	16,779,562	2,203,662	18,983,224	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	7,360,543	5,051,109	12,411,652	NA	0.00000	-
286	Total	(sum Ins 281 to 285)	51,121,694	19,464,698	70,586,392			<u>5,289,822</u>
287	Transmission related amount						W/S=	0.07494
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289			Long Term Interest (Worksheet M, In. 17, col. (D))					<u>53,669,965</u>
290			Preferred Stock Dividends (Worksheet M, In. 21, col. (D))					-
291	Development of Common Stock:							
292			Proprietary Capital (112.16.c)					916,277,931
293			Less Preferred Stock (In 299)					-
294			Less Account 216.1 (112.12.c)					-
295			Less Account 219.1 (112.15.c)					<u>6,480,383</u>
296			Common Stock (In 292 - In 293 - In 294 - In 295)					909,797,548
297			Capital Structure Percentages				Cost	
298	Long Term Debt (Worksheet M, In. 17, col. (B))	\$		Actual	Cap Limit		(Note T)	Weighted
299	Preferred Stock (Worksheet M, In. 21, col. (B))	953,506,638		51.17%	0.00%		0.0563	0.0288
300	Common Stock (In 296) (Note U)	-		0.00%	0.00%		-	0.0000
301	Total (sum Ins 298 to 300)	<u>909,797,548</u>		48.83%	0.00%		<u>11.2%</u>	<u>0.0547</u>
		1,863,304,186					WACC=	0.0835
302	Capital Structure Equity Limit (Note U)		52.5%					

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Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 260) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 5.49% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 289) / long term debt (In 298). Preferred Stock cost rate = preferred dividends (In 290) / preferred outstanding (In 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

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Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(In 107)				\$76,861,533
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	5,748,164	DA	1.00000	\$ 5,748,164
4	Assoc. Business Development	(Worksheet H)	467,897	DA	1.00000	\$ 467,897
5	Total Revenue Credits		6,216,061			\$ 6,216,061
6	REVENUE REQUIREMENT For All Company Facilities	(In 1 less In 5)				\$70,645,473
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)		5,596,501	DA	1.00000	\$ 5,596,501
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(In 1 / In 39 x 100%)				17.18%
10	Monthly Rate	(In 9 / 12)				1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((In 1 - In 83) / In 39 x 100%)				14.39%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((In 1 - In 83 - In 104 - In 105) / In 39 x 100%)				5.28%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet G)					-

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	(1)	(2)	(3)	(4)	(5)
		Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
RATE BASE CALCULATION					
Line No.					
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.E)	1,328,618,104	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(12,649,219)	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	699,780,542	DA	645,765,295
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.92281
20	Distribution	(Worksheet A In 5.E)	1,810,703,273	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)	144,264,599	W/S	0.07485
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(523,952)	W/S	0.07485
24	Intangible Plant	(Worksheet A In 9.E)	43,636,647	W/S	0.07485
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	4,013,829,994	GP(TU)=	0.16438
				GTD=	0.27874
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	717,757,277	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(2,407,256)	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	214,988,640	TP1=	0.92259
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.92259
31	Distribution	(Worksheet A In 16.E)	498,723,096	NA	0.00000
32	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.E)	-	NA	0.00000
33	General Plant	(Worksheet A In 18.E)	80,336,501	W/S	0.07485
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(311,429)	W/S	0.07485
35	Intangible Plant	(Worksheet A In 20.E)	32,083,615	W/S	0.07485
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	1,541,170,442		206,739,008
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	600,618,865		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	484,791,903		447,417,953
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,311,980,177		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	63,715,575		4,769,299
42	Intangible Plant	(In 24 - In 35)	11,553,033		864,779
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	2,472,659,552	NP(TU)=	0.18322
					453,052,031
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)	(649,842,880)	DA	(112,453,171)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(170,243,814)	DA	(4,334,824)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	98,196,564	DA	7,168,040
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	(188,177)	DA	(30,932)
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(722,078,306)		(109,650,888)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	129,976	DA	-
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,528,687		1,410,689
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	586,984	TP	0.92281
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	407,146	W/S	0.07485
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.16438
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	108,929,737	W/S	0.07485
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	3,197,609	GP(TU)	0.16438
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(104,177,433)	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	10,472,730		10,662,174
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(5,180,015)	DA	1.00000
					(5,180,015)
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		1,756,003,937		348,883,301

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
64	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	56,718,579		
65	Less: Total Account 561	(Note I) 321.84-92.b	10,929,770		
66	Less: Account 565	(Note J) 321.96.b	33,559,313		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, ln 14)		\$0		
68	Total O&M Allocable to Transmission	(lns 64 - 65 - 66 - 67)	12,229,496	TP	0.92281
69	Administrative and General	323.197.b (Note K)	56,826,100		
70	Less: Acct. 924, Property Insurance	323.185.b	2,267,950		
71	Acct. 928, Reg. Com. Exp.	323.189.b	1,674,535		
72	Acct. 930.1, Gen. Advert. Exp.	323.191.b	234,643		
73	Acct. 930.2, Misc. Gen. Exp.	323.192.b	2,415,907		
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	50,233,065	W/S	0.07485
75	Plus: Acct. 924, Property Insurance	(ln 70)	2,267,950	GP(TU)	0.16438
76	Acct. 928 - Transmission Specific	(Note I) 321.84-92.b	18,073	TP	0.92281
77	Acct 930.1 - Only safety related ads -Direct	(Note J) 321.96.b	2,155	GP(TU)	0.16438
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 41.(E) (Note L)	316,110	DA	1.00000
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	(865,036)	W/S	0.07485
80	A & G Subtotal	(sum lns 74 to 78 less ln 79)	53,702,389		
81	TOTAL O & M EXPENSE	(ln 68 + ln 80)	65,931,885		15,816,305
82	DEPRECIATION AND AMORTIZATION EXPENSE				
83	Transmission	336.7.f	13,543,408	TP	0.92281
84	General	336.10.f	4,607,509	W/S	0.07485
85	Intangible	336.1.f	7,015,461	W/S	0.07485
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 83 to 85)	25,166,378		13,368,022
87	TAXES OTHER THAN INCOME	(Note N)			
88	Labor Related				
89	Payroll	Worksheet L, Col. D	4,624,157	W/S	0.07485
90	Plant Related				
91	Property	Worksheet L, Col. C	38,584,200	GP(TU)	0.16438
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	2,934	NA	0.00000
93	Other	Worksheet L, Col. E	217,231	GP(TU)	0.16438
94	TOTAL OTHER TAXES	(sum lns 89 to 93)	43,428,522		6,724,288
95	INCOME TAXES	(Note O)			
96	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		38.57%		
97	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		40.88%		
98	where WCLTD=(ln 134) and WACC = (ln 137)				
99	and FIT, SIT & p are as given in Note O.				
100	$GRCF=1 / (1 - T) =$ (from ln 96)		1.6278		
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(856,408)		
102	Income Tax Calculation	(ln 97 * ln 105)	59,905,606		11,902,061
103	ITC adjustment	(ln 100 * ln 101)	(1,394,018)	NP(TU)	0.18322
104	TOTAL INCOME TAXES	(sum lns 102 to 103)	58,511,588		11,646,642
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	146,532,032		29,113,021
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		193,255	DA	1.00000
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		339,763,660		76,861,533
108	(sum lns 81, 86, 94, 104, 105, 106)				
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		-	DA	-
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		339,763,660		76,861,533

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

PUBLIC SERVICE COMPANY OF OKLAHOMA

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the true-up revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 96) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 5.49% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 125) / long term debt (In 134). Preferred Stock cost rate = preferred dividends (In 126) / preferred outstanding (In 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 2013 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 @ 12/31/2012</u>	<u>(D) Balances 12/31/2011</u>	<u>(E) Average Balance for 2012</u>
NOTE: Functional ARO investment and accumulated depreciation balances shown below are included in the total functional balances shown here.					
Plant Investment Balances					
1	Production Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 46	1,342,905,530	1,314,330,678	1,328,618,104
2	Production Asset Retirement Obligation (ARO)	FF1, page 205&204, Col.(g)&(b), lns 15,24,34,44	13,330,557	11,967,880	12,649,219
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 58	706,917,109	692,643,975	699,780,542
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 75	1,859,375,106	1,762,031,440	1,810,703,273
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	146,062,810	142,466,387	144,264,599
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), ln 98	558,274	489,630	523,952
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), ln 5	40,204,612	47,068,682	43,636,647
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	4,095,465,167	3,958,541,162	4,027,003,165
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	13,888,831	12,457,510	13,173,171
Accumulated Depreciation & Amortization Balances					
12	Production Accumulated Depreciation	FF1, page 219, lns 20-24, Col. (b)	717,461,660	718,052,893	717,757,277
13	Production ARO Accumulated Depreciation	Company Records	2,553,598	2,260,914	2,407,256
14	Transmission Accumulated Depreciation	FF1, page 219, ln 25, Col. (b)	218,642,096	211,335,183	214,988,640
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, ln 26, Col. (b)	506,296,982	491,149,210	498,723,096
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, ln 28, Col. (b)	80,042,574	80,630,427	80,336,501
19	General ARO Accumulated Depreciation	Company Records	320,337	302,521	311,429
20	Intangible Accumulated Amortization	FF1, page 200, ln 21, Col. (b)	26,711,833	37,455,396	32,083,615
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	1,549,155,145	1,538,623,109	1,543,889,127
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	2,873,935	2,563,435	2,718,685
Generation Step-Up Units					
23	GSU Investment Amount	Company Records	17,876,958	18,311,870	18,094,414
24	GSU Accumulated Depreciation	Company Records	3,285,064	3,492,381	3,388,722
25	GSU Net Balance	(Line 23 - Line 24)	14,591,894	14,819,489	14,705,691
Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)					
23a	Excluded Facilities Investment Amount	Company Records	35,920,833	35,920,833	35,920,833
24a	Excluded Facilities Accumulated Depreciation	Company Records	13,600,177	12,904,973	13,252,575
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	22,320,656	23,015,860	22,668,258
Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation					
26	Transmission Accumulated Depreciation	(Line 14 Above)	218,642,096	211,335,183	214,988,640
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	16,885,241	16,397,354	16,641,298
28	Subtotal of Transmission Accumulated Depreciation Net of GSU/Excluded Facilities	(Line 26 - Line 27)	201,756,855	194,937,829	198,347,342
Plant Held For Future Use					
29	Plant Held For Future Use	FF1, page 214, ln 47, Col. (d)	181,474	78,478	129,976
30	Transmission Plant Held For Future	Company Records	-	-	-

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate Projected on 2012 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 (2012) (P.206, ln 58,(b)):	692,643,975
2	Transmission Plant @ End of Historic Period (2012) (P.207, ln 58,(g)):	<u>706,917,109</u>
3		1,399,561,084
4	Average Balance of Transmission Investment	699,780,542
5	Annual Depreciation Expense, Historic TCOS, ln 246	13,543,408
6	Composite Depreciation Rate	1.94%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 23,939,156	2.00%	\$ 478,783	\$ 39,899	11	\$ 438,889
10	February	\$ 565,430	2.00%	\$ 11,309	\$ 942	10	\$ 9,420
11	March	\$ 287,256	2.00%	\$ 5,745	\$ 479	9	\$ 4,311
12	April	\$ 1,367,828	2.00%	\$ 27,357	\$ 2,280	8	\$ 18,240
13	May	\$ 2,531,837	2.00%	\$ 50,637	\$ 4,220	7	\$ 29,540
14	June	\$ 8,025,121	2.00%	\$ 160,502	\$ 13,375	6	\$ 80,250
15	July	\$ 1,160,385	2.00%	\$ 23,208	\$ 1,934	5	\$ 9,670
16	August	\$ 1,893,620	2.00%	\$ 37,872	\$ 3,156	4	\$ 12,624
17	September	\$ 363,105	2.00%	\$ 7,262	\$ 605	3	\$ 1,815
18	October	\$ 325,243	2.00%	\$ 6,505	\$ 542	2	\$ 1,084
19	November	\$ 6,083,526	2.00%	\$ 121,671	\$ 10,139	1	\$ 10,139
20	December	\$ 4,838,483	2.00%	\$ 96,770	\$ 8,064	0	\$ -
21	Investment	<u>\$ 51,380,989</u>				Depreciation Expense	<u>\$ 615,982</u>

III. Plant Transferred

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

AEP West SPP Member Companies
 2013 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	2012 Year End Tax Deferrals - WS C-1	(656,976,392)	53,361,930	-	(707,467,278)	-	(2,871,043)	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.3426%	27.5462%	7.4941%	
3	282.1	Allocated Total		0	0	(115,618,699)	0	(215,159)	(115,833,858)
282 Balance to Use in True-Up									
4	282.1	2012 Year End Tax Deferrals - WS C-1	(656,976,392)	53,361,930	-	(707,467,278)	-	(2,871,043)	
5	282.1	2011 Year End Tax Deferrals - WS C-2	(642,709,368)	17,860,225	-	(658,495,706)	-	(2,073,886)	
6		Subtotal	(1,299,685,759)	71,222,155	-	(1,365,962,985)	-	(4,944,929)	
7		Average Balance	(649,842,880)	35,611,077	0	(682,981,492)	0	(2,472,465)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.4379%	27.8743%	7.4853%	
9		Allocated Total		0	0	(112,268,100)	0	(185,071)	(112,453,171)
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2012 Year End Tax Deferrals - WS C-1	(159,831,378)	(123,260,957)	-	(3,443,801)	(4,685,961)	(28,440,658)	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.3426%	27.5462%	7.4941%	
12	283.1	Allocated Total		0	0	(562,807)	(1,290,806)	(2,131,374)	(3,984,988)
283 Balance to Use in True-Up									
13	283.1	2012 Year End Tax Deferrals - WS C-1	(159,831,378)	(123,260,957)	-	(3,443,801)	(4,685,961)	(28,440,658)	
14	283.1	2011 Year End Tax Deferrals - WS C-2	(180,656,249)	(140,425,853)	-	(9,585,736)	(3,918,628)	(26,726,033)	
15		Subtotal	(340,487,627)	(263,686,810)	-	(13,029,537)	(8,604,589)	(55,166,691)	
16		Average Balance	(170,243,814)	(131,843,405)	0	(6,514,769)	(4,302,294)	(27,583,346)	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.4379%	27.8743%	7.4853%	
18		Allocated Total		0	0	(1,070,894)	(1,199,236)	(2,064,695)	(4,334,824)
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2012 Year End Tax Deferrals - Ws C-1	88,494,193	37,095,979	-	40,615,409	-	10,782,804	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	16.3426%	27.5462%	7.4941%	
21	190.1	Allocated Total		0	0	6,637,623	0	808,075	7,445,698
190 Balance to Use in True-Up									
22	190.1	2012 Year End Tax Deferrals - Ws C-1	88,494,193	37,095,979	-	40,615,409	-	10,782,804	
23	190.1	2011 Year End Tax Deferrals - Ws C-2	107,898,936	61,435,227	-	37,694,687	-	8,769,021	
24		Subtotal	196,393,128	98,531,206	-	78,310,097	-	19,551,826	
25		Average Balance	98,196,564	49,265,603	0	39,155,048	0	9,775,913	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.4379%	27.8743%	7.4853%	
27		Allocated Total		0	0	6,436,284	0	731,756	7,168,040
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255.0	Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 267, Ln 2.h)	(182,874)			(182,874)			
29	255.0	Transmission Allocator from Historic TCOS [GP or W/S]				16.3426%			
30	255.0	Allocated Total		N/A	N/A	(29,886)	N/A	N/A	(29,886)
255 Balance to Use in True-Up									
31	255.0	Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 267, Ln 2.h)	(182,874)			(182,874)			
32	255.0	Acc Defrd ITC - Federal - 12/31/2011 (FF1 p. 266, Ln 2.b)	(193,479)			(193,479)			
33		Subtotal	(376,353)			(376,353)			
34		Average Balance	(188,177)			(188,177)			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				16.4379%			
36		Allocated Total		N/A	N/A	(30,932)	N/A	N/A	(30,932)

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

Worksheet C-1 - ADIT & ITC Details

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

Account	Line #	Description	Balance	Allocation Basis	Exclusions	100% Allocation Method			Labor
						Transmission	PTD Plant	T&D	
2821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		
2821001	230A	ACRS BENEFIT NORMALIZED	(342,339,595)	PTD			(342,339,595)		
2821001	230G	ACRS-ACCURED BK REMOVAL COSTS	(16,947,671)	PTD			(16,947,671)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,257,723)	PTD			(1,257,723)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	92,625	PTD			92,625		
2821001	230X	R & D DEDUCTION - SEC 174	(1,708,786)	PTD			(1,708,786)		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(1,042,567)	E	(1,042,567)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(24,034,660)	PTD			(24,034,660)		
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	3,128,711	PTD			3,128,711		
2821001	320A	ABFUDC	(5,528,416)	PTD			(5,528,416)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	8,255,584	PTD			8,255,584		
2821001	390A	CIAC - BOOK RECEIPTS	11,540,102	E	11,540,102				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(66,677)	PTD			(66,677)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(22,694,348)	PTD			(22,694,348)		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(23,914,612)	PTD			(23,914,612)		
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(22,290,407)	PTD			(22,290,407)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(11,432,016)	PTD			(11,432,016)		
2821001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD			(178,005)		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,996,441	E	10,996,441				
2821001	710H	AMORT ELEC PLT ACQ ADJS	51,037	E	51,037				
2821001	710T	AMORT CHELSEA MUN AUTH-TX	31,820	E	31,820				
2821001	710U	CHELSEA ACQUISITION ADJ-25 YR TX	134,172	E	134,172				
2821001	710V	PLANT ACQUISITION ADJ-CSIAP-TX	150,789	E	150,789				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	5,993	Labor					5,993
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	(1,413,728)	PTD			(1,413,728)		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(86,916)	PTD			(86,916)		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(2,877,036)	Labor					(2,877,036)
2821001	910K	REMOVAL CST	(65,430,079)	PTD			(65,430,079)		
2821001	910N	ACCURED BK REMOVAL COST - ACRS	14,486,761	PTD			14,486,761		
2821001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(2,940,256)	E	(2,940,256)				
2821001	930J	PROV FOR WRITEDOWN OF INVEST	644,392	E	644,392				
2821001	940I	1985-1987 IRS AUDIT SETTLEMENT	(135,065)	PTD			(135,065)		
2821001	960F-XS	EXCESS ADFIT 282	(7,853,597)	PTD			(7,853,597)		
		DEFERRED TAX RECLASS ASSOC W/INDIAN RESERV PRC	33,796,000	E	33,796,000				
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(656,976,392)		53,361,930	0	(707,467,278)	0	(2,871,043)
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	656,976,392						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	(2,095,625)	E	(2,095,625)				
2831001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	1,490	E	1,490				
2831001	562H	DEFERRED INTERCOMPANY TAX G/L	0	E	0				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	1,136,463	E	1,136,463				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	(5,927)	E	(5,927)				
2831001	605B	ACCURED BK PENSION EXPENSE	(35,884,776)	Labor					(35,884,776)
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158	43,455,239	E	43,455,239				
2831001	612D	FUEL INVENTORIES	0	E	0				
2831001	612E	ACCURED RAIL SETTLEMENT - BNFS	0	E	0				
2831001	630J	DEFD STORM DAMAGE	(2,681,903)	PTD			(2,681,903)		
2831001	630M	RATE CASE DEFD CHGS	0	PTD			0		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(2,186,685)	PTD			(2,186,685)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	(4,012)	E	(4,012)				
2831001	639C	DEFD BK LOSS-NON-AFF SALE-EMA	0	E	0				
2831001	660M	REG ASSET - CARRY COST ON STRANDED COST	4,791,958	PTD			4,791,958		
2831001	660N	REG ASSET - DEFD CARRY COST ON STRANDED COST	455,747	PTD			455,747		
2831001	660R	REG ASSET - DEFD ACCR VEGETATION MGT EXPENSE	(4,685,961)	T&D					(4,685,961)
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(43,455,239)	E	(43,455,239)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(36,177)	E	(36,177)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(3,199,823)	E	(3,199,823)				
2831001	661V	REG ASSET - RED ROCK FACILITY	(1,923,925)	E	(1,923,925)				
2831001	663C	REG ASSET - GENERATION MAINTENANCE EXP	(1,586,672)	E	(1,586,672)				
2831001	663D	REG ASSET - NOx EXPENSE	(52,950)	E	(52,950)				
2831001	664K	REG ASSET-PSO ICE STORM EXPENSES	(1,529,955)	E	(1,529,955)				
2831001	667F	REG ASSET-PSO ENVIRONMENTAL COMPLIANCE COSTS	(147,998)	E	(147,998)				
2831001	900A	LOSS ON REACQUIRED DEBT	(3,822,918)	PTD			(3,822,918)		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	3,397,093	Labor					3,397,093
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	4,047,025	Labor					4,047,025
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	960X	STATE NOL CURRENT BENEFIT	(2,095,625)	E	(2,095,625)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	(111,720,220)	E	(111,720,220)				
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(159,831,378)		(123,260,957)	0	(3,443,801)	(4,685,961)	(28,440,658)
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	159,831,378						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET- MJE	381,335	E	381,335				
1901001	014A	ACCUM DITC-STATE-A/C 2550002	1,596,723	E	1,596,723				
1901001	433F	PSO-FUEL O/U RECOVERY-WSLE	0	E	0				
1901001	460A	UNBILLED REVENUE	3,549,188	E	3,549,188				
1901001	520A	PROVS POSS REV REFDS-A/L	133	PTD			133		
1901001	576F	MARK & SPREAD-DEFL-190-A/L	(199,639)	E	(199,639)				
1901001	602A	PROV WORKER'S COMP	603,337	Labor					603,337
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	414,232	Labor					414,232
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	36,177	E	36,177				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	370,713	Labor					370,713
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605O	ACCURED PSI PLAN EXP	949,963	Labor					949,963
1901001	610A	BK PROV UNCOLL ACCTS	305,207	PTD			305,207		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	0	E	0				
1901001	610V	PROV-FAS 157 - A/L	(5,011)	E	(5,011)				
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	3,143,277	Labor					3,143,277
1901001	613E	ACCURED BOOK VACATION PAY	2,048,342	Labor					2,048,342
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	577,872	Labor					577,872
1901001	613Y	ACCURED BK SEVERANCE BENEFITS	228,058	Labor					228,058
1901001	615A	ACCURED INTEREST EXP -STATE	0	E	0				
1901001	615B	ACCURED INTEREST-LONG-TERM - FIN 48	(952,269)	E	(952,269)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-L/T-FIN 48-MJE	1,009,033	E	1,009,033				
1901001	615C	ACCURED INTEREST-SHORT-TERM - FIN 48	236,365	E	236,365				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	(197,866)	E	(197,866)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	0	E	0				
1901001	638C	TAX > BOOK BASIS - EMA-A/C 190	0	E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(8,884)	E	(8,884)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	281,120	PTD			281,120		
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(1,871,456)	E	(1,871,456)				
1901001	663U	REG ASSET-DEFERRED BASE LOAD PUR PWR	0	E	0				
1901001	700B	TAX DEFL - FRAN COSTS	964	PTD			964		
1901001	712P	PROF SERVICES CAPITALIZED-TX	1,681	PTD			1,681		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	3,199,823	E	3,199,823				
1901001	906K	ACCRD SFAS 112 PST EMPLOY BEN	2,447,010	Labor					2,447,010
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	7,699,547	E	7,699,547				
1901001	911F-FIN48	FIN 48 DSIT	(51,904)	PTD	(51,904)				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	39,102,077	PTD			39,102,077		
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	(274,494)	E	(274,494)				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	693,998	E	693,998				
1901001	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	53,655	E	53,655				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT	924,227	PTD			924,227		
1901001	960E	AMT CREDIT - DEFERRED	20,053	E	20,053				
1901002	014A	ACCUM DITC-STATE-A/C 2550002-MJE	16,194,103	E	16,194,103				
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	5,987,500	E	5,987,500				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	88,494,193		37,095,979	0	40,615,409	0	10,782,804
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	88,494,193						

Worksheet C-2 - ADIT & ITC Details

PUBLIC SERVICE COMPANY OF OKLAHOMA
DETAIL OF DEFERRED INCOME TAX BALANCES
AS OF DECEMBER 31, 2011

Account	Line #	Description	Balance	Allocation Basis	Exclusions	Allocation Method			
						100% Transmission	PTD Plant	T&D	Labor
2821001	210E	LIBERALIZED DEPR-ELIG DFL	(186,118,660)	PTD			(186,118,660)		
2821001	230A	ACRS BENEFIT NORMALIZED	(307,135,363)	PTD			(307,135,363)		
2821001	230G	ACRS-ACCURED BK REMOVAL COSTS	(16,947,671)	PTD			(16,947,671)		
2821001	230J	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,257,723)	PTD			(1,257,723)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	92,625	PTD			92,625		
2821001	230X	R & D DEDUCTION - SEC 174	(1,755,807)	PTD			(1,755,807)		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(1,715,677)	E	(1,715,677)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(27,571,065)	PTD			(27,571,065)		
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	2,346,532	PTD			2,346,532		
2821001	320A	ABFUDC	(5,144,163)	PTD			(5,144,163)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	7,591,603	PTD			7,591,603		
2821001	390A	CIAC - BOOK RECEIPTS	10,507,506	E	10,507,506				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(66,677)	PTD			(66,677)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(22,694,348)	PTD			(22,694,348)		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(16,364,522)	PTD			(16,364,522)		
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(22,290,407)	PTD			(22,290,407)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(10,242,830)	PTD			(10,242,830)		
2821001	630R	ACCRD ENERGY CONSERV EXPEND	(178,005)	PTD			(178,005)		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,996,441	E	10,996,441				
2821001	710H	AMORT ELEC PLT ACQ ADJS	51,037	E			51,037		
2821001	710T	AMORT CHELSEA MUN AUTH-TX	31,820	E			31,820		
2821001	710U	CHELSEA ACQUISITION ADJ-25 YR TX	134,172	E			134,172		
2821001	710V	PLANT ACQUISITION ADJ-CSIA-P-TX	150,789	E			150,789		
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	4,992	Labor					4,992
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	(1,361,058)	PTD			(1,361,058)		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(86,916)	PTD			(86,916)		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(2,078,878)	Labor					(2,078,878)
2821001	910K	REMOVAL CST	(55,480,422)	PTD			(55,480,422)		
2821001	910N	ACCRUED BK REMOVAL COST - ACRS	14,486,761	PTD			14,486,761		
2821001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(2,940,256)	E	(2,940,256)				
2821001	930J	PROV FOR WRITEDOWN OF INVEST	644,392	E	644,392				
2821001	940I	1985-1987 IRS AUDIT SETTLEMENT	(135,065)	PTD			(135,065)		
2821001	960F-XS	EXCESS ADFT 282	(8,182,527)	PTD			(8,182,527)		
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(642,709,368)		17,860,225	0	(658,495,706)	0	(2,073,886)
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	642,709,368						
2831001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(637,505)	E	(637,505)				
2831001	562H	DEFERRED INTERCOMPANY TAX G/L	317	E			317		
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	(130,861)	E	(130,861)				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	(31,322)	E	(31,322)				
2831001	605B	ACCRUED BK PENSION EXPENSE	(34,610,674)	Labor					(34,610,674)
2831001	605C	ACCRUED BK PENSION COSTS - SFAS 158	47,588,495	E	47,588,495				
2831001	612D	FUEL INVENTORIES	(675,209)	E	(675,209)				
2831001	612E	ACCRUED RAIL SETTLEMENT - BNFS	0	E	0				
2831001	630J	DEFD STORM DAMAGE	(7,121,118)	PTD			(7,121,118)		
2831001	630M	RATE CASE DEFD CHGS	(75,519)	PTD			(75,519)		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(1,537,978)	PTD			(1,537,978)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	(9,885)	E	(9,885)				
2831001	639C	DEFD BK LOSS-NON-AFF SALE-EMA	(4,018,298)	E	(4,018,298)				
2831001	640K	DEFD TAX GAIN-EPA AUCTION	0	E	0				
2831001	660M	REG ASSET - CARRY COST ON STRANDED COST	2,473,094	PTD			2,473,094		
2831001	660N	REG ASSET - DEFD CARRY COST ON STRANDED COST	1,064,124	PTD			1,064,124		
2831001	660R	REG ASSET - DEFD ACCR VEGETATION MGT EXPENSE	(3,918,628)	T&D				(3,918,628)	
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(47,588,495)	E	(47,588,495)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(94,426)	E	(94,426)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(14,720,223)	E	(14,720,223)				
2831001	661U	REG ASSET - LAWTON SETTLEMENT	0	E	0				
2831001	661V	REG ASSET - RED ROCK FACILITY	(2,002,955)	E	(2,002,955)				
2831001	663B	REG ASSET - DEFD CAPACITY COSTS	0	E	0				
2831001	663C	REG ASSET - GENERATION MAINTENANCE EXP	(2,146,671)	E	(2,146,671)				
2831001	663D	REG ASSET - NOx EXPENSE	(106,664)	E	(106,664)				
2831001	664K	REG ASSET-PSO ICE STORM EXPENSES	(4,628,174)	E	(4,628,174)				
2831001	900A	LOSS ON REACQUIRED DEBT	(4,388,339)	PTD			(4,388,339)		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	3,844,920	Labor					3,844,920
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	4,039,721	Labor					4,039,721
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	960X	STATE NOL CURRENT BENEFIT	(8,072,138)	E	(8,072,138)				
2831002	DSIT	DSIT ENTRY - NORMALIZED	(103,151,839)	E	(103,151,839)				
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(180,656,249)		(140,425,853)	0	(9,585,736)	(3,918,628)	(26,726,033)
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	180,656,249						
1901001	011C	NOL & TAX CREDIT C/F - DEF TAX ASSET-MJE	6,743,696	E	6,743,696				
1901001	014A	ACCUM DITC-STATE-A/C 2550002	1,623,253	E	1,623,253				
1901001	433F	PSO-FUEL O/U RECOVERY-WSLE	(1,944,689)	E	(1,944,689)				
1901001	460A	UNBILLED REVENUE	7,074,507	E	7,074,507				
1901001	520A	PROVS POSS REV REFDS-A/L	0	PTD			0		
1901001	576F	MARK & SPREAD-DEFL-190-A/L	421,929	E	421,929				
1901001	602A	PROV WORKER'S COMP	222,072	Labor					222,072
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	477,073	Labor					477,073
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	94,426	E	94,426				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	343,654	Labor					343,654
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605O	ACCRUED PSI PLAN EXP	953,196	Labor					953,196
1901001	610A	BK PROV UNCOLL ACCTS	272,005	PTD			272,005		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	1,006	E	1,006				
1901001	610V	PROV-FAS 157 - A/L	(4,218)	E	(4,218)				
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	1,697,383	Labor					1,697,383
1901001	613E	ACCRUED BOOK VACATION PAY	2,109,944	Labor					2,109,944
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	535,375	Labor					535,375
1901001	613Y	ACCRUED BK SEVERANCE BENEFITS	0	Labor					0
1901001	615A	ACCRUED INTEREST EXP - STATE	598,467	E	598,467				
1901001	615B	ACCRUED INTEREST EXP - MJE	(598,467)	E	(598,467)				
1901001	615B	ACCRUED INTEREST-LONG-TERM - FIN 48	(890,744)	E	(890,744)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-LT-FIN 48-MJE	1,009,033	E	1,009,033				
1901001	615C	ACCRUED INTEREST-SHORT-TERM - FIN 48	173,448	E	173,448				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	(197,866)	E	(197,866)				
1901001	615O	BK DFL RAIL TRANS REV/EXP	0	E	0				
1901001	638C	TAX > BOOK BASIS - EMA-A/C 190	4,018,298	E	4,018,298				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(8,884)	E	(8,884)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	275,296	PTD			275,296		
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(590,332)	E	(590,332)				
1901001	663U	REG ASSET-DEFERRED BASE LOAD PUR PWR	0	E	0				
1901001	700B	TAX DEFL - FRAN COSTS	27,766	PTD			27,766		
1901001	712P	PROF SERVICES CAPITALIZED-TX	1,681	PTD			1,681		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	14,720,223	E	14,720,223				
1901001	906K	ACCRD SFAS 112 PST EMPLOY BEN	2,430,323	Labor					2,430,323
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	6,868,120	E	6,868,120				
1901001	911F-FIN48	FIN 48 DSIT	(85,469)	E	(85,469)				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	36,103,144	PTD			36,103,144		
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	304,041	E	304,041				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	693,998	E	693,998				
1901001	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	(91,183)	E	(91,183)				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT	1,014,796	PTD			1,014,796		
1901001	960E	AMT CREDIT - DEFERRED	127,965	E	127,965				
1901002	014A	ACCUM DITC-STATE-A/C 2550002-MJE	13,302,528	E	13,302,528				
1901002	014C	NOL-STATE C/F-DEF STATE TAX ASSET-MJE-LT	8,072,138	E	8,072,138				
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	107,898,936		61,435,227	0	37,694,687	0	8,769,021
		(Total Company Amount Ties to FF1 p.234(c) -- Electric)	107,898,936						

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
PUBLIC SERVICE COMPANY OF OKLAHOMA

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2012 FF1, p. 227, Col. (c)	Balance @ December 31, 2011 FF1, p. 227, Col. (b)	Average Balance for Rate Year 2012				
1								
2	Transmission Materials & Supplies	FF1, p. 227, In 8, Col. (c & b)	419,745	754,222	586,984			
3	General Materials & Supplies	FF1, p. 227, In 11, Col. (c & b)	324,917	489,375	407,146			
4	Stores Expense (Undistributed)	FF1, p. 227, In 16, Col. (c & b)	0	0	-			

Prepayment Balance Summary

	Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)
5 Totals as of December 31, 2012	7,087,189	(107,233,277)	0	2,904,855	111,415,611	114,320,466
6 Totals as of December 31, 2011	8,812,637	(101,121,588)		3,490,363	106,443,862	109,934,225
7 Average Balance	7,949,913	(104,177,433)	0	3,197,609	108,929,737	112,127,346

0.548195905 0.451804095

Prepayments Account 165 - Balance @ 12/31/2012

Acc. No.	Description	2012 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
8 1650001	Prepaid Insurance	1,047,117	0		574,025	473,092	1,047,117	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins.
9 1650004	Prepaid Interest	0	0		0		-	Prepaid Executive Life Insurance
10 1650005	Prepaid Employee Benefits	0	0				-	Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
11 1650006	Other Prepayments	528,200	528,200				-	AR Factoring - Excluded because it is retail.
12 1650009	Prepaid Carry Cost-Factored AR	51,080	51,080				-	Prefunded Pension Expense
13 1650010	Prepaid Pension Benefits	110,582,517				110,582,517	110,582,517	
14 16500112	Prepaid Sales Taxes	1,500,000			1,500,000		1,500,000	
15 165001212	Prepaid Use Taxes	150,000			150,000		150,000	
16 1650014	FAS 158 Qual Contra Asset	(110,582,517)	(110,582,517)				-	Non-Cash Offset Excludable from Rate Base
16 1650016	FAS 112 ASSETS	0					-	SFAS 158 Offset
16 1650021	Prepaid Insurance - EIS	1,040,832			680,830	360,003	1,040,832	Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
16 1650023	Prepaid Leases	1,224,163	1,224,163				-	
17 1650028	Trinity Rail Car Lease - Non-current	1,545,797	1,545,797				-	
18	Subtotal - Form 1, p 111.57.c	7,087,189	(107,233,277)	0	2,904,855	111,415,611	114,320,466	

Prepayments Account 165 - Balance @ 12/31/2011

Acc. No.	Description	2011 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
20 1650001	Prepaid Insurance	959,827	0		521,562	438,265	959,827	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins.
21 165001206	Prepaid Taxes	2,150,000	0		2,150,000		2,150,000	Prepaid Ok State Taxes
22 1650028	Trinity Railcar Lease	2,742,653	2,742,653				-	Prepaid Facility Fee on 1.5B Securitization
23 1650005	Prepaid Employee Benefits	2,940	0			2,940	2,940	Executive Life Insurance
24 1650006	Other Prepayments	539,276	539,276				-	OCC Assessment Fees - Retail Only & NERC Fees
25 1650009	Prepaid Carry Cost-Factored AR	98,184	98,184				-	AR Factoring - Retail Only
26 1650010	Prepaid Pension Benefits	105,659,689	0			105,659,689	105,659,689	Prefunded Pension Expense
27 1650014	FAS 158 Qual Contra Asset	(105,659,689)	(105,659,689)				-	
28 1650023	Prepaid Leases	1,157,988	1,157,988				-	
29 1650021	Prepaid Insurance - EIS	1,161,769	0		818,801	342,968	1,161,769	Excess General Liability & Property Ins.
30	Subtotal - Form 1, p 111.57.c	8,812,637	(101,121,588)		3,490,363	106,443,862	109,934,225	

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate
Worksheet E - IPP Credits
PUBLIC SERVICE COMPANY OF OKLAHOMA

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers @ 12/31/2011 (2012 FORM 1, P269, (B))	6,747,342
2	Interest Accrual (company records)	193,255
3	Revenue Credits to Generators (company records)	(1,609,455)
4	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	(1,718,454)
6		
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, (F))	3,612,688
8	Average Balance for 2012 ((ln 1 + ln 7)/2)	5,180,015

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate Projected on 2012 FF1 Balances
Worksheet F - Calculation of PROJECTED Annual Revenue Requirement for BPU and Special-billed Projects
 Based on a Carrying Charge Derived from Historic 2012 Data
PUBLIC SERVICE COMPANY OF OKLAHOMA

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

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

ROE w/o incentives (Projected TCOS, In 149)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 147 through 149)			
	%	Cost	Weighted cost
Long Term Debt	51.17%	0.0563	0.0288
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	48.83%	0.1120	0.0547
		R =	0.0835

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR 2013	6,696,309	6,696,309	\$ -

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

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

Rate Base (Projected TCOS, In 75)	389,418,114
R (from A. above)	0.0835
Return (Rate Base x R)	32,512,523

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

Return (from B. above)	32,512,523
Tax Rate (Projected TCOS, In 109)	38.57%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	41.12%
Income Tax Calculation (Return x EIT)	13,368,479
ITC Adjustment (Projected TCOS, In 116)	(251,446)
Income Taxes	13,117,033

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

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

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

Net Revenue Requirement (Projected TCOS, In 123)	82,505,038
Return (Projected TCOS, In 118)	32,512,523
Income Taxes (Projected TCOS, In 117)	13,117,033
Gross Margin Taxes (Projected TCOS, In 122)	-
Net Revenue Requirement, Less Return and Taxes	36,875,481

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

Net Revenue Requirement, Less Return and Taxes	36,875,481
Return (from I.B. above)	32,512,523
Income Taxes (from I.C. above)	13,117,033
Net Revenue Requirement, with 0 Basis Point ROE increase	82,505,038
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	82,505,038
Less: Depreciation (Projected TCOS, In 95)	12,582,565
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	69,922,473

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

Net Revenue Requirement before Gross Margin Taxes, with 0	82,505,038
Basis Point ROE increase (II B. above)	
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	489,629,991
Net Revenue Requirement, with 0 Basis Point ROE increase	82,505,038
FCR with 0 Basis Point increase in ROE	16.85%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	69,922,473
FCR with 0 Basis Point ROE increase, less Depreciation	14.28%
FCR less Depreciation (Projected TCOS, In 12)	14.28%
	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	692,643,975	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	706,917,109	<==From Input on Worksheet B
	1,399,561,084	
Transmission Plant Average Balance for 2012	699,780,542	
Annual Depreciation Expense (Historic TCOS, In 246)	13,543,408	
Composite Depreciation Rate	1.94%	
Depreciable Life for Composite Depreciation Rate	51.67	
Round to nearest whole year	52	

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

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

ROE w/o incentives (True-Up TCOS, In 136)			11.20%
Project ROE Incentive Adder (Enter as whole number)			0 basis points
ROE with additional 0 basis point incentive			11.20% <=Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 134 through 136)			
	%	Cost	Weighted cost
Long Term Debt	51.48%	0.0565	0.0291
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	48.52%	0.1120	0.0543
		R =	0.0834

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

Rate Base (True-Up TCOS, In 63)	348,883,301
R (from A. above)	0.0834
Return (Rate Base x R)	29,113,021

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

Return (from B. above)	29,113,021
Tax Rate (True-Up TCOS, In 106)	38.57%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	40.88%
Income Tax Calculation (Return x EIT)	11,902,061
ITC Adjustment (True-Up TCOS, In 103)	(255,418)
Income Taxes	11,646,642

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

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

Net Revenue Requirement (True-Up TCOS, In 110)	76,861,533
Return (True-Up TCOS, In 105)	29,113,021
Income Taxes (True-Up TCOS, In 104)	11,646,642
Gross Margin Taxes (True-Up TCOS, In 109)	-
Net Revenue Requirement, Less Return and Taxes	36,101,870

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

Net Revenue Requirement, Less Return and Taxes	36,101,870
Return (from I.B. above)	29,113,021
Income Taxes (from I.C. above)	11,646,642
Net Revenue Requirement, with 0 Basis Point ROE increase	76,861,533
Gross Margin Tax with Basis Point ROE Increase (II C. below)	-
Revenue Requirement w/ Gross Margin Taxes	76,861,533
Less: Depreciation (True-Up TCOS, In 83)	12,498,008
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	64,363,525

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)	76,861,533
Apportionment Factor to Texas (Worksheet K, In 12)	0.00%
Apportioned Texas Revenues	-
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	-
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	-
Gross-up Required for Gross Margin Tax Expense	-
Total Additional Gross Margin Tax Revenue Requirement	-

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

Net Transmission Plant (True-Up TCOS, In 39)	447,417,953
Net Revenue Requirement, with 0 Basis Point ROE increase	76,861,533
FCR with 0 Basis Point increase in ROE	17.18%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	64,363,525
FCR with 0 Basis Point ROE increase, less Depreciation	14.39%
FCR less Depreciation (True-Up TCOS, In 12)	14.39%
Incremental FCR with 0 Basis Point ROE increase, less Depreciation	0.00%

III. Calculation of Composite Depreciation Rate

Transmission Plant @ Beginning of Period (P.206, In 58)	692,643,975	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	706,917,109	<==From Input on Worksheet B
	1,399,561,084	
Transmission Plant Average Balance for 2012	699,780,542	
Annual Depreciation Expense (True-Up TCOS, In 83)	13,543,408	
Composite Depreciation Rate	1.94%	
Depreciable Life for Composite Depreciation Rate	51.67	
Round to nearest whole year	52	

SUMMARY OF TRUED-UP ANNUAL REVENUE REQUIREMENTS FOR SPP BPU & NON-BPU PROJECTS					
TRUE-UP YEAR	2012	Rev Require	W Incentives	Incentive Amounts	
Σ Prior Year Projected (WS-F)	\$	5,517,639	\$	5,517,639	\$ -
Σ Prior Year True-Up (WS-G)	\$	5,596,501	\$	5,596,501	\$ -
True-up Adjustment For 2012		78,861		78,861	-

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 2012 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
PUBLIC SERVICE COMPANY OF OKLAHOMA

Revenue Credits for

	Total Company	Non- Transmission	Transmission
I. Account 450, Forfeited Discounts	2,567,464	2,567,464	-
II. Account 451, Miscellaneous Service Revenues	4,619,031	4,619,031	-
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff	2,455,545	2,414,614	40,931
2 Account 4540002 - Rent from Elect Property - Non-Aff	810,456	780,955	29,500
3 Account 4540005 - Rent from Elect Property - Pole Attach	3,682,287	3,682,287	-
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	78,321	32,567	45,754
5 Total Rents from Electirc Property	7,026,609		116,186

(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	3,350,307		351,711

V. Total Other Operating Revenues To Reduce Revenue Requirement			467,897
--	--	--	---------

VI. Account 456.1, Revenues from Transmission of Electricity of Others			30,721,126
---	--	--	------------

(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			1,177,580
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			1,445,339
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			12,168,640
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			-
7 Distribution and Other Non-Transmission Revenue			284,298
8 Revenue from SPP Ancillary Services Provided			2,680,772
9 Base Plan Revenue (from SPP)			7,216,333
10 Flow Through of ERCOT Ancillary Charges			-
11 Other			-

Net Transmission Credits \$5,748,164

VII. Total Worksheet A Revenue Credits \$6,216,061

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 2012 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 2012 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>2012 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	7,738,548			
2	9260057	Postret Ben Medicare Subsidy	(2,016,228)			
3		OPEB Billed From Service Corporation	452,416			
4		Net 2007 Base Year Expense	6,174,736			
5	<u>2012 Current Year Expense</u>					
6	9260021	Postretirement Benefits - OPEB	3,695,399			
7	9260057	Postret Ben Medicare Subsidy	1,125,823			
8		OPEB Billed From Service Corporation	488,478			
9		Net 2012 Expense	5,309,700			
10		Net Increase (Decrease) in OPEB Expense	(865,036)	This Amount Is Allocated on Wages & Salaries		
Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.						
Account 928						
11	9280000	Reg Commission Expense - OCC Annual Fees	1,161,339	1,161,341		Oklahoma Corporation (2) Commission Assessment
12	9280001	Reg Commission Expense Admin	11,863	(10)	11,873	FERC Assessment Fees To accumulate the AEPSC
13	9280002	Reg Commission Exp - Case	40,534	40,534	0	personnel costs in connection with PSO/SWEPCO - Updates required as a result of FERC Docket ER07-
14	9280002	Reg Commission Exp - Transmission	853	0	853	
15	9280002	Reg Commission Exp - Labor Accruals	(1,486)	(1,190)	(297)	Labor accruals - for various depts Determination of Use and Usefulness of Additional Baseload
16	9280002	Reg Commission Exp - Misc Filings	8	0	8	Generation before the OCC
17	9280002	Reg Commission Exp - Misc Filings	2,389	1,980	409	Misc Filing Before the OCC
18	9280002	Reg Commission Exp - Misc Filings	30,598	25,370	5,228	Reg/Leg Act-Oklahoma
19	9280003	Rate Case Amort	428,436	428,436	0	Rate Case Amortization
20		Total (FF1, pg. 323)	1,674,535	1,656,462	18,073	
Account 930.1						
21	9301000	General Advertising Expenses	32,467	31,836	631	
22	9301001	Newspaper Advertising Space	100,792	100,467	325	
23	9301006	Spec Corporate Comm Info Proj	1	1	0	
24	9301008	Direct Mail and Handouts	0	0	0	
25	9301009	Fairs, Shows, and Exhibits	0	0	0	
26	9301010	Publicity	1,805	1,521	285	
27	9301011	Dedications, Tours, & Openings	1	1	0	
28	9301012	Public Opinion Surveys	20,017	19,790	228	
29	9301013	Movies Slide Films & Speeches	0	0	0	
30	9301014	Video Communications	26	21	4	
31	9301015	Other Corporate Comm Exp	79,534	78,852	682	
32		Total (FF1, pg. 323)	234,643	232,489	2,155	
Account 930.2						
33	9302000	Misc General Expenses	401,191	332,391	68,800	
34	9302003	Corporate & Fiscal Expenses	58,830	55,088	3,742	
35	9302004	Research, Develop&Demonstr Exp	7,694	7,694	0	
36	9302006	Assoc Bus Development - Materials Sold-Trans	0	0	0	
37	9302006	Assoc Bus Development - Materials Sold-Non Trans	136,059	136,059	0	
38	9302007	Assoc Business Development Exp - Transmission	243,568	0	243,568	
39	9302007	Assoc Business Development Exp - Non-Transmission	1,568,130	1,568,130	0	
40	9302458	AEPSC Non Affiliated expenses	435	435	0	
41		Total (FF1, pg. 323)	2,415,907	2,099,797	316,110	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 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 2012

State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		96.91%	
Effective State Income Tax Rate			5.4854%
State Income Tax Rate - Ohio	Note 2	8.50%	
Apportionment Factor		0.00%	
Tax Phase-out Factor		0.00%	
Effective State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			5.4854%

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

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

II. CALCULATION OF TEXAS GROSS MARGIN TAX

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		350,532,514	82,505,038	346,900,518	77,311,829	339,763,660	76,861,533
1	Apportionment Factor to Texas (In12)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
2	Apportioned Texas Revenues	\$0	\$0	\$0	\$0	\$0	\$0
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	-	-	-	-	-	-
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	-	-	-	-	-	-
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	-	-	-	-	-	-
8	Total Additional Gross Margin Tax Revenue Requirement	-	-	-	-	-	-
9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)						
10	Texas Jurisdictional Load	-	KW				
11	Total Load	-	KW				
12	Allocation Percentage (In 10 / In 11)	0.00%					

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet L - Taxes Other than Income
PUBLIC SERVICE COMPANY OF OKLAHOMA

HISTORIC PERIOD EXPENSE (2012) - 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	89				89
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum	37,398,955	37,398,955			
5	Texas Ad Valorum	1,191,311	1,191,311			
6	Louisiana Ad Valorum	(6,066)	(6,066)			
7	Nevada Ad Valorum	-	-			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	4,370,024		4,370,024		
10	Federal Unemployment Tax	16,298		16,298		
11	State Unemployment Insurance	237,835		237,835		
12	Production Taxes					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax	748				748
17	Ok State Franchise Tax	60,000			60,000	
18	Ok Sales & Use Taxes	1,634				1,634
19	Ok Local Franchise Tax - 2012	157,082			157,082	
20	Ok Local Franchise Tax - 2011	-			-	
21	Ohio State Franchise	-			-	
22	Tx Sales & Use Taxes	463				463
23	Tx State Franchise	-			-	
24	MI Misc Tax	72			72	
25	Ok Misc Tax	10			10	
26	MT Misc Tax	15			15	
26	Wy Misc Tax	52			52	
27	Total Taxes by Allocable Basis	43,428,522	38,584,200	4,624,157	217,231	2,934
	(Total Company Amount Ties to FFI p.114, Ln 14,(c))	43,428,522				

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2012
PUBLIC SERVICE COMPANY OF OKLAHOMA

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<u>Long Term Debt (FF1.p. 256-257.h)</u>				
1 <i>Affiliated Notes Payable</i>				
2 <i>None</i>			0	
<u>Pollution Control Bonds</u>				
4 <i>Pollution Control Bonds - Series 2009</i>	33,700,000	5.25%	1,769,250	p256 L12(h)
5 <i>Pollution Control Bonds - Series 2007</i>	12,660,000	4.45%	563,370	p257 L25h)
<u>Senior Unsecured Notes</u>				
7 <i>Senior Unsecured Notes - Series F</i>	150,000,000	6.15%	9,225,000	p256 L14(h)
8 <i>Senior Unsecured Notes - Series G</i>	250,000,000	6.625%	16,562,500	p256 L19(h)
9 <i>Senior Unsecured Notes - Series H</i>	250,000,000	5.15%	12,875,000	p256 L22(h)
10 <i>Senior Unsecured Notes - Series I</i>	250,000,000	4.40%	11,000,000	p256.1 L3(h)
11 <i>GridSMART Promissory Note</i>	7,146,638	3.00%	214,399	p257 L27(h)
<u>Issuance Discount, Premium, & Expenses:</u>				
12 <i>Financial Hedges & Auction Fees</i>	FF1.p. 256 & 257.Lines Described as Hedges or Fees		(1,167,106)	256 Ln17(i) 257 Ln5(i)
13 <i>Amort of Debt Discount and Expenses</i>	FF1.p. 117.63.c (also WS-N Ln 15)		1,012,062	
14 <i>Less: Amor of Debt Premimums</i>	FF1.p. 117.65.c (also WS-N Ln 17)		-	
<u>Reacquired Debt:</u>				
15 <i>Amortization of Loss</i>	FF1.p. 117.64.c (also WS-N Ln 16)		1,615,490	
16 <i>Less: Amortization of Gain</i>	FF1.p. 117.66.c (also WS-N Ln 18)		-	
17 Total Interest on Long Term Debt	953,506,638	5.63%	53,669,965	
<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 2012 FF1 Balances
 PUBLIC SERVICE COMPANY OF OKLAHOMA

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 and 12/31/2012

(A)	(B)	(C)	(D)	(E)
Line		<u>Balances @</u> <u>12/31/2012</u>	<u>Balances @</u> <u>12/31/2011</u>	<u>Average</u>
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)	916,277,931	892,805,058	904,541,495
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	0	0	-
4	Less Account 219.1 (p. 112.15.c&d)	6,480,383	7,148,518	6,814,451
5	Average Balance of Common Equity	909,797,548	885,656,540	897,727,044
<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)	953,506,638	951,341,259	952,423,949
10	Total Average Debt	953,506,638	951,341,259	952,423,949
11	Annual Interest Expense for 2013			
12	Coupon Interest on Long Term Debt (256-257.33.i)			50,973,244
13	Less: Financial Hedge Gain/Expense from Ln 26 Included in Ln 12			(1,167,106)
14	Plus: Allowed Hedge Recovery from Ln 30 below			(925,075)
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,012,062
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,615,490
17	Less: Amort of Premium on Debt (429) (p. 117.65.c)			-
18	Less: Amort of Gain on Reacquired Debt (429.1) (p. 117.66.c)			-
19	Total Interest Expense (Ln 12 + Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)			53,842,827
20	Average Cost of Debt for 2013 (Ln 19/Ln 10)			5.65%
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257 (Enter Gains as a Negative Number)			
22	SUN Series I 4.4% Financial Hedge (p. 257.1 Ln 5.i)			(1,279,141)
23	SUN Series F 6.15% Financial Hedge (p. 256 Ln 17.i)			112,035
24				
25				
26	Total Hedge Amortization			(1,167,106)
27	Total Average Capital Balance for 2012 (Actual TCOS, Ln 137)			1,850,150,993
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable Amount			(925,075)
30	Recoverable Hedge Amortization			(925,075)
	<i>(lesser of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			
<u>Development of Cost of Preferred Stock</u>				
	Preferred Stock			Average
31	___% 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	Dividens 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
 2013 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 120)				\$129,004,406
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	9,427,721	DA	1.00000	\$ 9,427,721
4	Assoc. Business Development	(Worksheet H)	118,729	DA	1.00000	\$ 118,729
5	Total Revenue Credits		9,546,450			\$ 9,546,450
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 5)				\$119,457,956
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)		33,398,332	DA	1.00000	\$ 33,398,332
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%				17.16%
10	Monthly Rate	(ln 9 / 12)				1.43%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 95) / (Sum of lns 46, 47, 48, 49, 51)) x 100%				14.00%
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%				3.99%
15	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 2013 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
		Data Sources (See "General Notes")	TO Total NOTE D	Allocator	Total Transmission
Line No.	RATE BASE CALCULATION				
16	GROSS PLANT IN SERVICE				
16	Production	(Worksheet A In 1.C)	3,928,084,334	NA 0.00000	-
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(23,048,172)	NA 0.00000	-
18	Transmission	(Worksheet A In 3.C & Hist. Template Ln 169)	1,115,290,032	DA	1,046,968,123
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.94335	-
20	Plus: Transmission Plant-in-Service Additions (Worksheet B)		90,769,386	DA 1.00000	90,769,386
21	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		-	TP 0.94335	-
22	Distribution	(Worksheet A In 5.C)	1,758,142,067	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)	315,641,257	W/S 0.06311	19,918,692
25	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(682,710)	W/S 0.06311	(43,083)
26	Intangible Plant	(Worksheet A In 9.C)	51,808,056	W/S 0.06311	3,269,372
27	TOTAL GROSS PLANT	(sum Ins 16 to 26)	7,236,004,250		1,160,882,491
28	ACCUMULATED DEPRECIATION AND AMORTIZATION				
29	Production	(Worksheet A In 12.C)	1,250,235,176	NA 0.00000	-
30	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(2,963,538)	NA 0.00000	-
31	Transmission	(Worksheet A In 14.C & 28.C)	390,501,480	TP1= 0.92599	361,600,310
32	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.92599	-
33	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,016,991	DA 1.00000	1,016,991
34	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		-	DA 1.00000	-
35	Plus: Additional Transmission Depreciation for 2013 (In 95)		25,189,839	TP1 0.92599	23,325,529
36	Plus: Additional General & Intangible Depreciation for (In 97+In 98)		17,077,555	W/S 0.06311	1,077,687
37	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		-	DA 1.00000	-
38	Distribution	(Worksheet A In 16.C)	658,460,789	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)	167,587,756	W/S 0.06311	10,575,705
41	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(317,769)	W/S 0.06311	(20,053)
42	Intangible Plant	(Worksheet A In 20.C)	38,898,982	W/S 0.06311	2,454,739
43	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 29 to 42)	2,545,687,261		400,030,909
44	NET PLANT IN SERVICE				
45	Production	(In 16 + In 17 - In 29 - In 30)	2,657,764,524		-
46	Transmission	(In 18 + In 19 - In 31 - In 32)	724,788,552		685,367,813
47	Plus: Transmission Plant-in-Service Additions (In 20 - In 33)		89,752,395		89,752,395
48	Plus: Additional Trans Plant on Transferred Assets (In 21 - In 34)		-		-
49	Plus: Additional Transmission Depreciation for 2013 (-In 35)		(25,189,839)		(23,325,529)
50	Plus: Additional General & Intangible Depreciation for 2013 (-In 36)		(17,077,555)		(1,077,687)
51	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 37)		-		-
52	Distribution	(In 22 + In 23 - In 38 - In 39)	1,099,681,278		-
53	General Plant	(In 24 + In 25 - In 40 - In 41)	147,688,560		9,319,957
54	Intangible Plant	(In 26 - In 42)	12,909,074		814,633
55	TOTAL NET PLANT IN SERVICE	(sum Ins 45 to 54)	4,690,316,989		760,851,582
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)	(926,406,626)	DA	(138,847,360)
59	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(41,074,933)	DA	(2,331,839)
60	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	197,640,428	DA	19,754,085
61	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
62	TOTAL ADJUSTMENTS	(sum Ins 57 to 61)	(769,841,132)		(121,425,115)
63	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,350,884	DA	504,994
64	WORKING CAPITAL	(Note F)			
65	Cash Working Capital	(1/8 * In 80) (Note G)	1,622,845		1,530,912
66	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	478,573	TP 0.94335	451,462
67	A&G Materials & Supplies	(Worksheet D, In 3.(D))	185,074	W/S 0.06311	11,679
68	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.14975	-
69	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	119,187,663	W/S 0.06311	7,521,394
70	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	1,817,477	GP(h) 0.14975	272,167
71	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
72	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(110,340,325)	NA 0.00000	-
73	TOTAL WORKING CAPITAL	(sum Ins 65 to 72)	12,951,306		9,787,616
74	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7 (B))	(20,792,063)	DA 1.00000	(20,792,063)
75	RATE BASE (sum Ins 55, 62, 63, 73, 74)		3,913,985,985		628,927,014

AEP West SPP Member Companies
 2013 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

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	44,970,358		
77	Less: Total Account 561	(Note I) 321.84-92.b	11,280,135		
78	Less: Account 565	(Note J) 321.96.b	20,707,467		
79	Less: expenses 100% assigned to TO billed customers (Worksheet I, ln 14)		\$0		
80	Total O&M Allocable to Transmission	(lns 76 - 77 - 78 - 79)	12,982,756	TP 0.94335	12,247,297
81	Administrative and General	323.197.b (Note K)	70,056,050		
82	Less: Acct. 924, Property Insurance	323.185.b	2,550,069		
83	Acct. 928, Reg. Com. Exp.	323.189.b	3,205,062		
84	Acct. 930.1, Gen. Advert. Exp.	323.191.b	206,363		
85	Acct. 930.2, Misc. Gen. Exp.	323.192.b	(2,195,376)		
86	Balance of A & G	(ln 81 - sum ln 82 to ln 85)	66,289,932	W/S 0.06311	4,183,258
87	Plus: Acct. 924, Property Insurance	(ln 82)	2,550,069	GP(h) 0.14975	381,873
88	Acct. 928 - Transmission Specific	Worksheet J ln 25.(E) (Note L)	510,464	TP 0.94335	481,547
89	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 39.(E) (Note L)	19,934	TP 0.94335	18,804
90	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 49.(E) (Note L)	126,425	DA 1.00000	126,425
91	Less: PBOP Expense ln Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	468,909	W/S 0.06311	29,591
92	A & G Subtotal	(sum lns 86 to 90 less ln 91)	69,027,915		5,162,317
93	TOTAL O & M EXPENSE	(ln 80 + ln 92)	82,010,671		17,409,614
94	DEPRECIATION AND AMORTIZATION EXPENSE				
95	Transmission	336.7.f	25,189,839	TP 0.94335	23,762,863
96	Plus: Transmission Plant-in-Service Additions (Worksheet B)		1,016,991	DA 1.00000	1,016,991
97	General	336.10.f	8,018,403	W/S 0.06311	506,005
98	Intangible	336.1.f	9,059,152	W/S 0.06311	571,682
99	TOTAL DEPRECIATION AND AMORTIZATION	(sum lns 95 to 98)	43,284,385		25,857,541
100	TAXES OTHER THAN INCOME	(Note N)			
101	Labor Related				
102	Payroll	Worksheet L, Col. D	5,866,598	W/S 0.06311	370,214
103	Plant Related				
104	Property	Worksheet L, Col. C	39,769,319	GP(h) 0.14975	5,955,461
105	Gross Receipts/Sales & Use	Worksheet L, Col. F	5,048,397	NA 0.00000	-
106	Other	Worksheet L, Col. E	21,326,802	GP(h) 0.14975	3,193,692
107	TOTAL OTHER TAXES	(sum lns 102 to 106)	72,011,116		9,519,368
108	INCOME TAXES	(Note O)			
109	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$		37.75%		
110	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		40.36%		
111	where WCLTD=(ln 147) and WACC = (ln 150)				
112	and FIT, SIT & p are as given in Note O.				
113	$GRCF=1 / (1 - T) =$ (from ln 109)		1.6064		
114	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(549,547)		
115	Income Tax Calculation	(ln 110 * ln 118)	134,911,526		21,678,540
116	ITC adjustment	(ln 113 * ln 114)	(882,807)	NP(h) 0.14979	(132,236)
117	TOTAL INCOME TAXES	(sum lns 115 to 116)	134,028,719		21,546,304
118	RETURN ON RATE BASE (Rate Base*WACC)	(ln 75 * ln 150)	334,259,482		53,711,183
119	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		657,290	DA 1.00000	657,290
120	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		666,251,663		128,701,300
121	(sum lns 93, 99, 107, 117, 118, 119)				
122	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,569,095	DA	303,106
123	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		667,820,758		129,004,406

AEP West SPP Member Companies
 2013 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 and Projected Net Plant at Year-End 2013

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on the Historic TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 80.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 119.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (ln 109) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT= | 4.23% (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 138) / long term debt (ln 147). Preferred Stock cost rate = preferred dividends (ln 139) / preferred outstanding (ln 148). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
152	REVENUE REQUIREMENT (w/o incentives)	(In 271)				\$119,915,302
153	REVENUE CREDITS	(Note A)				
154	Transmission Credits	(Worksheet H)	9,427,721	DA	1.00000	\$ 9,427,721
155	Assoc. Business Development	(Worksheet H)	118,729	DA	1.00000	\$ 118,729
156	Total Revenue Credits		9,546,450			\$ 9,546,450
157	REVENUE REQUIREMENT For All Company Facilities	(In 152 less In 156)				\$ 110,368,851
MEMO: The Carrying Charge Calculations on lines 160 to 165 below is used in calculating project revenue requirements billed on SPP Schedule 11. The total non-incentive revenue requirements for these projects shown on line is included in the total on line 157.						
158	Revenue Requirement for SPP BPU Regional Facilities (w/o incentives) (Worksheet F)		33,398,332	DA	1.00000	\$ 33,398,332
159	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
160	Annual Rate	(In 152/ In 197 x 100%)				17.50%
161	Monthly Rate	(In 160 / 12)				1.46%
162	NET PLANT CARRYING CHARGE ON LINE 160 , W/O DEPRECIATION (w/o incentives) (Note B)					
163	Annual Rate	((In 152 - In 246) / In 197 x 100%)				14.05%
164	NET PLANT CARRYING CHARGE ON LINE 162, W/O INCOME TAXES, RETURN (Note B)					
165	Annual Rate	((In 152 - In 246 - In 268 - In 269) / In 197 x 100%)				4.21%
166	ADDITIONAL REVENUE REQUIREMENT for projects w/ incentive ROE's (Note C) (Worksheet F)					-

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
	<u>RATE BASE CALCULATION</u>	<u>Data Sources</u> <u>(See "General Notes")</u>	<u>TO Total</u> <u>NOTE D</u>	<u>Allocator</u>	<u>Total</u> <u>Transmission</u>
Line No.	GROSS PLANT IN SERVICE				
167	Production	(Worksheet A In 1.C)	3,928,084,334	NA 0.00000	-
168	Less: Production ARO (Enter Negative)	(Worksheet A In 2.C)	(23,048,172)	NA 0.00000	-
169	Transmission	(Worksheet A In 3.C & Ln 278)	1,115,290,032	DA	1,046,968,123
170	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.C)	-	TP 0.93874	-
171	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	NA 0.00000	N/A
172	Plus: Additional Trans Plant on Transferred Assets (Worksheet B)		N/A	NA 0.00000	N/A
173	Distribution	(Worksheet A In 5.C)	1,758,142,067	NA 0.00000	-
174	Less: Distribution ARO (Enter Negative)	(Worksheet A In 6.C)	-	NA 0.00000	-
175	General Plant	(Worksheet A In 7.C)	315,641,257	W/S 0.06280	19,821,344
176	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.C)	(682,710)	W/S 0.06280	(42,872)
177	Intangible Plant	(Worksheet A In 9.C)	51,808,056	W/S 0.06280	3,253,394
178	TOTAL GROSS PLANT	(sum Ins 167 to 177)	7,145,234,864	GP(h)= 0.149750 GTD= 0.38814	1,069,999,988
179	ACCUMULATED DEPRECIATION AND AMORTIZATION				
180	Production	(Worksheet A In 12.C)	1,250,235,176	NA 0.00000	-
181	Less: Production ARO (Enter Negative)	(Worksheet A In 13.C)	(2,963,538)	NA 0.00000	-
182	Transmission	(Worksheet A In 14.C & 28.C)	390,501,480.000	TP1= 0.92599	361,600,310
183	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.C)	-	TP1= 0.92599	-
184	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A	DA 1.00000	N/A
185	Plus: Additional Projected Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
186	Plus: Additional Transmission Depreciation for 2013 (In 246)		N/A	TP1 0.92599	N/A
187	Plus: Additional General & Intangible Depreciation for 2013 (In 248+In 249)		N/A	W/S 0.06280	N/A
188	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B)		N/A	DA 1.00000	N/A
189	Distribution	(Worksheet A In 16.C)	658,460,789	NA 0.00000	-
190	Less: Distribution ARO (Enter Negative)	(Worksheet A In 17.C)	-	NA 0.00000	-
191	General Plant	(Worksheet A In 18.C)	167,587,756	W/S 0.06280	10,524,019
192	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.C)	(317,769)	W/S 0.06280	(19,955)
193	Intangible Plant	(Worksheet A In 20.C)	38,898,982	W/S 0.06280	2,442,742
194	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 180 to 193)	2,502,402,876		374,547,116
195	NET PLANT IN SERVICE				
196	Production	(In 167 + In 168 - In 180 - In 181)	2,657,764,524		-
197	Transmission	(In 169 + In 170 - In 182 - In 183)	724,788,552		685,367,813.080
198	Plus: Transmission Plant-in-Service Additions (In 171 - In 184)		N/A		N/A
199	Plus: Additional Trans Plant on Transferred Assets (In 172 - In 185)		N/A		N/A
200	Plus: Additional Transmission Depreciation for 2013 (-In 186)		N/A		N/A
201	Plus: Additional General & Intangible Depreciation for 2013 (-In 187)		N/A		N/A
202	Plus: Additional Accum Deprec on Transferred Assets (Worksheet B) (-In 188)		N/A		N/A
203	Distribution	(In 173 + In 174 - In 189 - In 190)	1,099,681,278		-
204	General Plant	(In 175 + In 176 - In 191 - In 192)	147,688,560		9,274,408
205	Intangible Plant	(In 177 - In 193)	12,909,074		810,652
206	TOTAL NET PLANT IN SERVICE	(sum Ins 196 to 205)	4,642,831,988	NP(h)= 0.149791	695,452,873
207	DEFERRED TAX ADJUSTMENTS TO RATE BASE	(Note E)			
208	Account No. 281.1 (enter negative)	272-273.8.k	-	NA	-
209	Account No. 282.1 (enter negative)	(Worksheet C, In 1.C & In 3.J)	(926,406,626)	DA	(138,847,360)
210	Account No. 283.1 (enter negative)	(Worksheet C, In 10.C & Ln 12.J)	(41,074,933)	DA	(2,331,839)
211	Account No. 190.1	(Worksheet C, In 19.C & Ln 21.J)	197,640,428	DA	19,754,085
212	Account No. 255 (enter negative)	(Worksheet C, In 28.C & Ln 30.J)	-	DA	-
213	TOTAL ADJUSTMENTS	(sum Ins 208 to 212)	(769,841,132)		(121,425,115)
214	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.C & In 30.C)	1,350,884	DA	504,994
215	WORKING CAPITAL	(Note F)			
216	Cash Working Capital	(1/8 * In 231) (Note G)	1,622,845		1,523,430
217	Transmission Materials & Supplies	(Worksheet D, In 2.(D))	478,573	TP 0.93874	449,256
218	A&G Materials & Supplies	(Worksheet D, In 3.(D))	185,074	W/S 0.06280	11,622
219	Stores Expense	(Worksheet D, In 4.(D))	-	GP(h) 0.14975	-
220	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 5.G)	119,187,663	W/S 0.06280	7,484,635
221	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 5.F)	1,817,477	GP(h) 0.14975	272,167
222	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 5.E)	-	DA 1.00000	-
223	Prepayments (Account 165) - Unallocable	(Worksheet D, In 5.D)	(110,340,325)	NA 0.00000	-
224	TOTAL WORKING CAPITAL	(sum Ins 216 to 223)	12,951,306		9,741,111
225	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 7.(B))	(20,792,063)	DA 1.00000	(20,792,063)
226	RATE BASE (sum Ins 206, 213, 214, 224, 225)		3,866,500,984		563,481,800

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

	(1)	(2)	(3)	(4)	(5)
Line No.	EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	Data Sources (See "General Notes")	TO Total	Allocator	Total Transmission
227	OPERATION & MAINTENANCE EXPENSE				
227	Transmission	321.112.b	44,970,358		
228	Less: Total Account 561	(Note I) 321.84-92.b	11,280,135		
229	Less: Account 565	(Note J) 321.96.b	20,707,467		
230	Less: expenses 100% assigned to TO billed customers (Worksheet I, In 14)		\$0		
231	Total O&M Allocable to Transmission	(Ins 227 - 228 - 229 - 230)	12,982,756	TP 0.93874	12,187,441
232	Administrative and General	323.197.b (Note K)	70,056,050		
233	Less: Acct. 924, Property Insurance	323.185.b	2,550,069		
234	Acct. 928, Reg. Com. Exp.	323.189.b	3,205,062		
235	Acct. 930.1, Gen. Advert. Exp.	323.191.b	206,363		
236	Acct. 930.2, Misc. Gen. Exp.	323.192.b	(2,195,376)		
237	Balance of A & G	(In 232 - sum In 233 to In 236)	66,289,932	W/S 0.06280	4,162,813
238	Plus: Acct. 924, Property Insurance	(In 233)	2,550,069	GP(h) 0.14975	381,873
239	Acct. 928 - Transmission Specific	Worksheet J In 25.(E) (Note L)	510,464	TP 0.93874	479,193
240	Acct 930.1 - Only safety related ads -Direct	Worksheet J In 39.(E) (Note L)	19,934	TP 0.93874	18,713
241	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J In 49.(E) (Note L)	126,425	DA 1.00000	126,425
242	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J In 10.C (Note M)	468,909	W/S 0.06280	29,446
243	A & G Subtotal	(sum Ins 237 to 241 less In 242)	69,027,915		5,139,571
244	TOTAL O & M EXPENSE	(In 231 + In 243)	82,010,671		17,327,013
245	DEPRECIATION AND AMORTIZATION EXPENSE				
246	Transmission	336.7.f	25,189,839	TP 0.93874	23,646,727
247	Plus: Transmission Plant-in-Service Additions (Worksheet B)		N/A		N/A
248	General	336.10.f	8,018,403	W/S 0.06280	503,532
249	Intangible	336.1.f	9,059,152	W/S 0.06280	568,888
250	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 246 to 249)	42,267,394		24,719,147
251	TAXES OTHER THAN INCOME	(Note N)			
252	Labor Related				
253	Payroll	Worksheet L, Col. D	5,866,598	W/S 0.06280	368,405
254	Plant Related				
255	Property	Worksheet L, Col. C	39,769,319	GP(h) 0.14975	5,955,461
256	Gross Receipts/Sales & Use	Worksheet L, Col. F	5,048,397	NA 0.00000	-
257	Other	Worksheet L, Col. E	21,326,802	GP(h) 0.14975	3,193,692
258	TOTAL OTHER TAXES	(sum Ins 253 to 257)	72,011,116		9,517,558
259	INCOME TAXES	(Note O)			
260	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		37.75%		
261	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		40.36%		
262	where WCLTD=(In 298) and WACC = (In 301)				
263	and FIT, SIT & p are as given in Note O.				
264	$GRCF=1 / (1 - T) =$ (from In 260)		1.6064		
265	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, In 19.c)	(549,547)		
266	Income Tax Calculation	(In 261 * In 269)	133,274,761		19,422,703
267	ITC adjustment	(In 264 * In 265)	(882,807)	NP(h) 0.14979	(132,236)
268	TOTAL INCOME TAXES	(sum Ins 266 to 267)	132,391,954		19,290,467
269	RETURN ON RATE BASE (Rate Base*WACC)	(In 226 * In 301)	330,204,201		48,122,077
270	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, In 2)		657,290	DA 1.00000	657,290
271	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		659,542,627		119,633,552
272	(sum Ins 244, 250, 258, 268, 269, 270)				
273	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,553,295	DA	281,750
274	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		661,095,922		119,915,302

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF							
275	Total transmission plant	(In 169)						1,115,290,032
276	Less transmission plant excluded from SPP Tariff (Worksheet A, In 23a Col. (C)) (Note Q)							40,965,614
277	Less transmission plant included in OATT Ancillary Services (Worksheet A, In 23, Col. (C)) (Note R)							27,356,295
278	Transmission plant included in SPP Tariff	(In 275 - In 276 - In 277)						<u>1,046,968,123</u>
279	Percent of transmission plant in SPP Tariff	(In 278 / In 275)					TP=	0.93874
280	WAGES & SALARY ALLOCATOR (W/S)	(Note S)	Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
281	Production	354.20.b	32,535,900	11,747,964	44,283,864	NA	0.00000	-
282	Transmission	354.21.b	2,701,085	3,504,350	6,205,435	TP	0.93874	5,825,294
283	Regional Market Expenses	354.22.b	0	0	-	NA	0.00000	-
284	Distribution	354.23.b	25,828,696	2,487,976	28,316,672	NA	0.00000	-
285	Other (Excludes A&G)	354.24,25,26.b	8,228,953	5,728,879	13,957,832	NA	0.00000	-
286	Total	(sum Ins 281 to 285)	69,294,634	23,469,169	92,763,803			<u>5,825,294</u>
287	Transmission related amount						W/S=	0.06280
288	WEIGHTED AVERAGE COST OF CAPITAL (WACC)							\$
289		Long Term Interest (Worksheet M, In. 21, col. (D))						113,677,430
290		Preferred Stock Dividends (Worksheet M, In. 22, col. (D))						-
291	Development of Common Stock:							
292		Proprietary Capital (112.16.c)						2,021,211,699
293		Less Preferred Stock (In 299)						-
294		Less Account 216.1 (112.12.c)						19,193,896
295		Less Account 219.1 (112.15.c)						(17,862,454)
296		Common Stock (In 292 - In 293 - In 294 - In 295)						<u>2,019,880,257</u>
297								
298	Long Term Debt (Worksheet M, In. 21, col. (B))		\$					
299	Preferred Stock (Worksheet M, In. 22, col. (B))		1,960,200,000	49.25%	0.00%		0.0580	0.0286
300	Common Stock (In 296) (Note U)		-	0.00%	0.00%		-	0.0000
301	Total (sum Ins 298 to 300)		<u>2,019,880,257</u>	50.75%	0.00%		<u>11.2%</u>	<u>0.0568</u>
			3,980,080,257				WACC=	0.0854
302	Capital Structure Equity Limit (Note U)		52.5%					

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Historic Cost Data for 2012 with Year-End Rate Base Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the projected revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 166 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet B.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 231.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 270.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 260) multiplied by (1/1-T). If the applicable tax rates are zero enter 0.
- | | | | |
|------------------|-------|--------|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 4.23% | (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 289) / long term debt (In 298). Preferred Stock cost rate = preferred dividends (In 290) / preferred outstanding (In 299). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.			Total	Allocator		Transmission Amount
1	REVENUE REQUIREMENT (w/o incentives)	(ln 107)				\$117,265,418
2	REVENUE CREDITS	(Note A)				
3	Transmission Credits	(Worksheet H)	9,427,721	DA	1.00000	\$ 9,427,721
4	Assoc. Business Development	(Worksheet H)	118,729	DA	1.00000	\$ 118,729
5	Total Revenue Credits		9,546,450			\$ 9,546,450
6	REVENUE REQUIREMENT For All Company Facilities	(ln 1 less ln 2)				\$107,718,968

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)		24,538,788	DA	1.00000	\$ 24,538,788
8	NET PLANT CARRYING CHARGE (w/o incentives) (Note B)					
9	Annual Rate	(ln 1 / ln 39 x 100)				18.44%
10	Monthly Rate	(ln 9 / 12)				1.54%
11	NET PLANT CARRYING CHARGE ON LINE 9 , W/O DEPRECIATION (w/o incentives) (Note B)					
12	Annual Rate	((ln 1 - ln 83) / ln 39 x 100)				14.72%
13	NET PLANT CARRYING CHARGE ON LINE 11, W/O INCOME TAXES, RETURN (Note B)					
14	Annual Rate	((ln 1 - ln 83 - ln 104 - ln 105) / ln 39 x 100)				4.66%
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 2012 with Average Ratebase 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				
16	Production	(Worksheet A In 1.E)	3,120,125,845	NA	0.00000
17	Less: Production ARO (Enter Negative)	(Worksheet A In 2.E)	(22,778,224)	NA	0.00000
18	Transmission	(Worksheet A In 3.E & Ln 114)	1,051,659,680	DA	988,572,309
19	Less: Transmission ARO (Enter Negative)	(Worksheet A In 4.E)	-	TP	0.94001
20	Distribution	(Worksheet A In 5.E)	1,716,530,275	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)	312,045,367	W/S	0.06288
23	Less: General Plant ARO (Enter Negative)	(Worksheet A In 8.E)	(682,710)	W/S	0.06288
24	Intangible Plant	(Worksheet A In 9.E)	55,540,051	W/S	0.06288
25	TOTAL GROSS PLANT	(sum Ins 16 to 24)	6,232,440,282	GP(TU)=	0.16232
				GTD=	0.37991
26	ACCUMULATED DEPRECIATION AND AMORTIZATION				
27	Production	(Worksheet A In 12.E)	1,239,225,653	NA	0.00000
28	Less: Production ARO (Enter Negative)	(Worksheet A In 13.E)	(2,670,877)	NA	0.00000
29	Transmission	(Worksheet A In 14.E & 28.E)	380,681,724	TP1=	0.92622
30	Less: Transmission ARO (Enter Negative)	(Worksheet A In 15.E)	-	TP1=	0.92622
31	Distribution	(Worksheet A In 16.E)	648,211,097	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)	160,585,261	W/S	0.06288
34	Less: General Plant ARO (Enter Negative)	(Worksheet A In 19.E)	(302,147)	W/S	0.06288
35	Intangible Plant	(Worksheet A In 20.E)	43,166,211	W/S	0.06288
36	TOTAL ACCUMULATED DEPRECIATION	(sum Ins 27 to 35)	2,468,896,919		365,387,530
37	NET PLANT IN SERVICE				
38	Production	(In 16 + In 17 - In 27 - In 28)	1,860,792,845		-
39	Transmission	(In 18 + In 19 - In 29 - In 30)	670,977,956		635,978,096
40	Distribution	(In 20 + In 21 - In 31 - In 32)	1,068,319,178		-
41	General Plant	(In 22 + In 23 - In 33 - In 34)	151,079,543		9,500,196
42	Intangible Plant	(In 24 - In 35)	12,373,840		778,093
43	TOTAL NET PLANT IN SERVICE	(sum Ins 38 to 42)	3,763,543,363	NP(TU)=	0.17171
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)	(731,483,769)	DA	(119,535,836)
47	Account No. 283.1 (enter negative)	(Worksheet C, In 16.C & Ln 18.J)	(41,839,303)	DA	(2,850,300)
48	Account No. 190.1	(Worksheet C, In 25.C & Ln 27.J)	134,513,278	DA	11,208,971
49	Account No. 255 (enter negative)	(Worksheet C, In 34.C & Ln 36.J)	-	DA	-
50	TOTAL ADJUSTMENTS	(sum Ins 45 to 49)	(638,809,794)		(111,177,164)
51	PLANT HELD FOR FUTURE USE	(Worksheet A In 29.E & In 30.E)	1,350,884	DA	504,994
52	WORKING CAPITAL	(Note F)			
53	Cash Working Capital	(1/8 * In 68) (Note G)	1,622,845		1,525,493
54	Transmission Materials & Supplies	(Worksheet D, In 2.(F))	314,873	TP	0.94001
55	A&G Materials & Supplies	(Worksheet D, In 3.(F))	153,301	W/S	0.06288
56	Stores Expense	(Worksheet D, In 4.(F))	-	GP(TU)	0.16232
57	Prepayments (Account 165) - Labor Allocated	(Worksheet D, In 7.G)	116,626,371	W/S	0.06288
58	Prepayments (Account 165) - Gross Plant	(Worksheet D, In 7.F)	1,497,939	GP(TU)	0.16232
59	Prepayments (Account 165) - Transmission Only	(Worksheet D, In 7.E)	-	DA	1.00000
60	Prepayments (Account 165) - Unallocable	(Worksheet D, In 7.D)	(107,808,734)	NA	0.00000
61	TOTAL WORKING CAPITAL	(sum Ins 53 to 60)	12,406,594		9,407,969
62	IPP CONTRIBUTIONS FOR CONSTRUCTION	(Note H) (Worksheet E, In 8.(B))	(20,111,696)	DA	1.00000
63	RATE BASE (sum Ins 43, 50, 51, 61, 62)		3,118,379,351		524,880,488

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Line No.	(1) EXPENSE, TAXES, RETURN & REVENUE REQUIREMENTS CALCULATION	(2) Data Sources (See "General Notes")	(3) TO Total	(4) Allocator	(5) Total Transmission
64	OPERATION & MAINTENANCE EXPENSE				
64	Transmission	321.112.b	44,970,358		
65	Less: Total Account 561	(Note I) 322.84-92.b	11,280,135		
66	Less: Account 565	(Note J) 322.96.b	20,707,467		
67	Less: expenses 100% assigned to TO billed customers (Worksheet I, ln 14)		\$0		
68	Total O&M Allocable to Transmission	(Ins 64 - 65 - 66 - 67)	12,982,756	TP 0.94001	12,203,941
69	Administrative and General	323.197.b (Note K)	70,056,050		
70	Less: Acct. 924, Property Insurance	323.185.b	2,550,069		
71	Acct. 928, Reg. Com. Exp.	322.189.b	3,205,062		
72	Acct. 930.1, Gen. Advert. Exp.	322.191.b	206,363		
73	Acct. 930.2, Misc. Gen. Exp.	322.192.b	(2,195,376)		
74	Balance of A & G	(ln 69 - sum ln 70 to ln 73)	66,289,932	W/S 0.06288	4,168,449
75	Plus: Acct. 924, Property Insurance	(ln 70)	2,550,069	GP(TU) 0.16232	413,925
76	Acct. 928 - Transmission Specific	Worksheet J ln 25.(E) (Note L)	510,464	TP 0.94001	479,842
77	Acct 930.1 - Only safety related ads -Direct	Worksheet J ln 39.(E) (Note L)	19,934	GP(TU) 0.16232	3,236
78	Acct 930.2 - Misc Gen. Exp. - Trans	Worksheet J ln 49.(E) (Note L)	126,425	DA 1.00000	126,425
79	Less: PBOP Expense In Acct. 926 Adjustment	Worksheet J ln 10.C (Note M)	468,909	W/S 0.06288	29,486
80	A & G Subtotal	(sum Ins 74 to 78 less ln 79)	69,027,915		5,162,391
81	TOTAL O & M EXPENSE	(ln 68 + ln 80)	82,010,671		17,366,332
82	DEPRECIATION AND AMORTIZATION EXPENSE				
83	Transmission	336.7.f	25,189,839	TP 0.94001	23,678,741
84	General	336.10.f	8,018,403	W/S 0.06288	504,214
85	Intangible	336.1.f	9,059,152	W/S 0.06288	569,658
86	TOTAL DEPRECIATION AND AMORTIZATION	(sum Ins 83 to 85)	42,267,394		24,752,613
87	TAXES OTHER THAN INCOME	(Note N)			
88	Labor Related				
89	Payroll	Worksheet L, Col. D	5,866,598	W/S 0.06288	368,904
90	Plant Related				
91	Property	Worksheet L, Col. C	39,769,319	GP(TU) 0.16232	6,455,319
92	Gross Receipts/Sales & Use	Worksheet L, Col. F	5,048,397	NA 0.00000	-
93	Other	Worksheet L, Col. E	21,326,802	GP(TU) 0.16232	3,461,747
94	TOTAL OTHER TAXES	(sum Ins 89 to 93)	72,011,116		10,285,969
95	INCOME TAXES	(Note O)			
96	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		37.75%		
97	$EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =$		39.96%		
98	where WCLTD=(ln 134) and WACC = (ln 137)				
99	and FIT, SIT & p are as given in Note O.				
100	$GRCF=1 / (1 - T) =$ (from ln 96)		1.6064		
101	Amortized Investment Tax Credit (enter negative)	(FF1 p.114, ln 19.c)	(549,547)		
102	Income Tax Calculation	(ln 97 * ln 105)	108,699,388		18,296,102
103	ITC adjustment	(ln 100 * ln 101)	(882,807)	NP(TU) 0.17171	(151,591)
104	TOTAL INCOME TAXES	(sum Ins 102 to 103)	107,816,582		18,144,511
105	RETURN ON RATE BASE (Rate Base*WACC)	(ln 63 * ln 137)	272,003,480		45,783,179
106	INTEREST ON IPP CONTRIBUTION FOR CONST. (Note E) (Worksheet E, ln 2)		657,290	DA 1.00000	657,290
107	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX		576,766,533		116,989,895
108	(sum Ins 81, 86, 94, 104, 105, 106)				
109	TEXAS GROSS MARGIN TAX (Note P) (Worksheet K)		1,358,348	DA	275,524
110	REVENUE REQUIREMENT INCLUDING GROSS MARGIN TAX		578,124,880		117,265,418

AEP West SPP Member Companies
Transmission Cost of Service Formula Rate
Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

SUPPORTING CALCULATIONS

In No.	TRANSMISSION PLANT INCLUDED IN SPP TARIFF								
111	Total transmission plant	(In 18)							1,051,659,680
112	Less transmission plant excluded from SPP Tariff	(Worksheet A, In 23a Col. (E)) (Note Q)							38,778,145
113	Less transmission plant included in OATT Ancillary Services	(Worksheet A, In 23, Col. (E)) (Note R)							24,309,226
114	Transmission plant included in SPP Tariff	(In 111 - In 112 - In 113)							988,572,309
115	Percent of transmission plant in SPP Tariff	(In 114 / In 111)						TP=	0.94001
116	WAGES & SALARY ALLOCATOR (W/S)	(Note S)		Direct Payroll	Payroll Billed from AEP Service Corp.	Total			
117	Production	354.20.b		32,535,900	11,747,964	44,283,864	NA	0.00000	-
118	Transmission	354.21.b		2,701,085	3,504,350	6,205,435	TP	0.94001	5,833,181
119	Regional Market Expenses	354.22.b		0	0	-	NA	0.00000	-
120	Distribution	354.23.b		25,828,696	2,487,976	28,316,672	NA	0.00000	-
121	Other (Excludes A&G)		0	8,228,953	5,728,879	13,957,832	NA	0.00000	-
122	Total	(sum Ins 117 to 121)		69,294,634	23,469,169	92,763,803			5,833,181
123	Transmission related amount							W/S=	0.06288
124	WEIGHTED AVERAGE COST OF CAPITAL (WACC)								\$
125	Long Term Interest	Long Term Interest (Worksheet N, In. 19, col. (E))							111,378,570
126	Preferred Dividends	Preferred Stock Dividends (Worksheet N, In. 47, col. (E))							-
127	Development of Common Stock:								Average
128	Proprietary Capital	(Worksheet N, In. 1, col. (E))							1,917,288,612
129	Less Preferred Stock (In 135)	(Worksheet N, In. 2, col. (E))							-
130	Less Account 216.1	(Worksheet N, In. 3, col. (E))							17,939,246
131	Less Account 219	(Worksheet N, In. 4, col. (E))							(22,339,798)
132	Common Stock	(In 128 - In 129 - In 130 - In 131)							1,921,689,164
133				Capital Structure Percentages			Cost		Weighted
134	Avg Long Term Debt (Worksheet N, In. 10, col. (E))	2012 Avg Balances	1,822,700,000	Actual	Cap Limit		(Note S)		
135	Avg Preferred Stock (Worksheet N, In. 46, col. (E))		-	48.68%	0.00%		6.11%		0.0297
136	Avg Common Stock (In 132) (Note U)		1,921,689,164	0.00%	0.00%		0.00%		0.0000
137	Total (sum Ins 134 to 136)		3,744,389,164	51.32%	0.00%		11.20%		0.0575
							WACC=		0.0872
138	Capital Structure Equity Limit (Note U)		52.5%						

AEP West SPP Member Companies
 Transmission Cost of Service Formula Rate
 Utilizing Actual Cost Data for 2012 with Average Ratebase Balances

SOUTHWESTERN ELECTRIC POWER COMPANY

Letter

Notes

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

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

- A The revenue credits shall include a) amounts received directly from the SPP for PTP transmission services, b) direct assignment charges for transmission facilities, the cost of which has been included in the TCOS, and c) amounts from customers taking service under grandfathered agreements, where the demand is not included in the rate divisor. Revenues associated with FERC annual charges, gross receipts taxes, ancillary services or facilities excluded from the TCOS are not included as revenue credits. Revenue from Transmission Customers whose coincident peak loads are included in the DIVISOR of the load-ratio share calculation are not included as revenue credits. See Worksheet A for details.
- B The annual and monthly net plant carrying charges on page 1 are used to compute the revenue requirement for facilities and any upgrades.
- C This additional revenue requirement is determined using a net plant carrying charge (fixed carrying charge or FCR) approach. Worksheet G shows the calculation of the true-up revenue requirement for each project, based on an FCR rate calculated from inputs on this TCOS. Line 15 shows the incremental ARR for projects receiving incentives as accepted by FERC. These individual additional revenue requirements are summed for the true-up year, and included here.
- D The gross plant, accumulated depreciation, and deferred tax balances included in rate base are reduced by the removal of balances related to Asset Retirement Obligations (AROs). This is to comply with the requirements of FERC Rulemaking RM02-7-000.
- E The total-company balances shown for Accounts 281, 282, 283, 190 only reflect ADIT that relates to utility operations. The balance of Account 255 is reduced by prior flow throughs and is completely excluded if the utility chose to utilize amortization of tax credits against FIT expense as discussed in Note N. An exception to this is pre-1971 ITC balances, which are required to be taken as an offset to rate base. Account 281 is not allocated. Transmission allocations are shown on Worksheet C.
- F Identified as being transmission related or functionally booked to transmission.
- G Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission on line 68.
- H Consistent with Paragraph 657 of Order 2003-A, the amount on line is equal to the balance of IPP System Upgrade Credits owed to transmission customers that made contributions toward the construction of System upgrades, and includes accrued interest and unreturned balance of contributions. The annual interest expense is included on line 106.
- I Removes the expense booked to transmission accounts included in the development of OATT ancillary services rates, including all of Account No. 561.
- J Removes cost of transmission service provided by others to the extent such service is not incurred to provide the SPP service at issue.
- K General Plant and Administrative & General expenses may be functionalized based on allocators other than the W/S allocator. Full documentation must be provided.
- L Expense reported for these A&G accounts will be included in the cost of service only to the extent they are directly assignable to transmission service. Worksheet D allocates these expense items. Acct 928 Includes Regulatory Commission expenses itemized in FERC Form-1 at page 351, column H. FERC Assessment Fees and Annual Charges shall not be allocated to transmission. Only safety-related and educational advertising costs in Account 930.1 are included in the TCOS. Account 930.2 includes the expenses incurred by the transmission function for Associated Business Development revenues given as a credit to the TCOS on Worksheet E.
- M This line complies with FERC requirement that Other Post Employment Benefits remain constant from an initial test year. Changes in this base amount can only occur via approval of a 205 filing.
- N Includes only FICA, unemployment, property and other assessments charged in the current year. Gross Receipts tax, Sales & Use taxes, and taxes related to income are excluded.
- O The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) (In 96) multiplied by (1/1-T) . If the applicable tax rates are zero enter 0.
- | | | |
|------------------|-------|---|
| Inputs Required: | FIT = | 35.00% |
| | SIT = | 4.23% (State Income Tax Rate or Composite SIT. Worksheet K) |
| | p = | 0.00% (percent of federal income tax deductible for state purposes) |
- P Effective January 1, 2007, Texas instituted a gross margin tax. This tax is calculated on the Texas allocated revenue of the Company, reduced by 30% to derive a "Gross Margin" for the Company. The tax rate of one percent is assessed on the resulting amount. The jurisdictional allocator is based on transmission demand allocators.
- Q Removes plant excluded from the OATT because it does not meet the SPP's definition of Transmission Facilities or is otherwise ineligible to be recovered under the OATT.
- R Removes transmission plant (e.g. step-up transformers) included in the development of OATT ancillary service rates and not already removed for reasons indicated in Note Q.
- S Includes functional wages & salaries incurred by parent company service corporation for support of the operating company.
- T Long Term Debt cost rate = long-term interest (In 125) / long term debt (In 134). Preferred Stock cost rate = preferred dividends (In 126) / preferred outstanding (In 135). Common Stock cost rate (ROE) = 11.2%, the rate accepted by FERC in Docket No. ER07-XXX. It includes an additional 50 basis points for remaining a member of the SPP RTO.
- U Per Settlement, equity is limited to 52.5% of PSO's Capital Structure. If the percentage of equity exceeds the cap, the excess is included in long term debt in the cap structure. This value cannot change prior to 2/1/11. After this date it can only be changed via an approved 205 or 206 filing.

AEP West SPP Member Companies
 2013 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 @ 12/31/2012</u>	<u>(D) Balances 12/31/2011</u>	<u>(E) Average Balance for 2012</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	3,928,084,334	2,312,167,355	3,120,125,845
2	Production Asset Retirement Obligation (ARO)	FF1, page 205 & 204, Col.(g)&(b), Ins 15,24,34,44	23,048,172	22,508,276	22,778,224
3	Transmission Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 58	1,115,290,032	988,029,328	1,051,659,680
4	Transmission Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 57	-	-	-
5	Distribution Plant In Service	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 75	1,758,142,067	1,674,918,482	1,716,530,275
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	315,641,257	308,449,476	312,045,367
8	General Asset Retirement Obligation	FF1, page 207 Col.(g) & pg. 206 Col. (b), In 98	682,710	682,710	682,710
9	Intangible Plant In Service	FF1, page 205 Col.(g) & pg. 204 Col. (b), In 5	51,808,056	59,272,045	55,540,051
10	Total Property Investment Balance	(Sum of Lines: 1, 3, 5, 7, 9)	7,168,965,746	5,342,836,686	6,255,901,216
11	Total ARO Balance (included in total on line 10)	(Sum of Lines: 2, 4, 6, 8)	23,730,882	23,190,986	23,460,934
<u>Accumulated Depreciation & Amortization Balances</u>					
12	Production Accumulated Depreciation	FF1, page 219, Ins 20-24, Col. (b)	1,250,235,176	1,228,216,129	1,239,225,653
13	Production ARO Accumulated Depreciation	Company Records	2,963,538	2,378,217	2,670,877
14	Transmission Accumulated Depreciation	FF1, page 219, In 25, Col. (b)	390,501,480	370,861,968	380,681,724
15	Transmission ARO Accumulated Depreciation	Company Records	-	-	-
16	Distribution Accumulated Depreciation	FF1, page 219, In 26, Col. (b)	658,460,789	637,961,404	648,211,097
17	Distribution ARO Accumulated Depreciation	Company Records	-	-	-
18	General Accumulated Depreciation	FF1, page 219, In 28, Col. (b)	167,587,756	153,582,765	160,585,261
19	General ARO Accumulated Depreciation	Company Records	317,769	286,526	302,147
20	Intangible Accumulated Amortization	FF1, page 200, In 21, Col. (b)	38,898,982	47,433,439	43,166,211
21	Total Accumulated Depreciation or Amortization	(Sum of Lines: 12, 14, 16, 18, 20)	2,505,684,183	2,438,055,705	2,471,869,944
22	Total ARO Balance (included in total on line 21)	(Sum of Lines: 13, 15, 17, 19)	3,281,307	2,664,743	2,973,025
<u>Generation Step-Up Units</u>					
23	GSU Investment Amount	Company Records	27,356,295	21,262,158	24,309,226
24	GSU Accumulated Depreciation	Company Records	14,615,436	14,253,436	14,434,436
25	GSU Net Balance	(Line 23 - Line 24)	12,740,859	7,008,722	9,874,790
<u>Transmission Plant Excluded from SPP Tariff (see TCOS Note Q)</u>					
23a	Excluded Facilities Investment Amount	Company Records	40,965,614	36,590,676	38,778,145
24a	Excluded Facilities Accumulated Depreciation	Company Records	14,285,734	13,020,417	13,653,075
25a	Excluded Facilities Net Balance	(Line 23a - Line 24a)	26,679,880	23,570,259	25,125,070
<u>Transmission Accumulated Depreciation Net of GSU/Excluded Facilities Accumulated Depreciation</u>					
26	Transmission Accumulated Depreciation	(Line 14 Above)	390,501,480	370,861,968	380,681,724
27	Less: GSU & Excl Facilities Acc Dep	(Line 24 + Line 24a Above)	28,901,170	27,273,853	28,087,511
28	Subtotal of Transmission Accumulated	(Line 26 - Line 27)	361,600,310	343,588,115	352,594,213
<u>Plant Held For Future Use</u>					
29	Plant Held For Future Use	FF1, page 214, In 47, Col. (d)	1,350,884	1,350,884	1,350,884
30	Transmission Plant Held For Future	Company Records	504,994	504,994	504,994

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate Projected on 2012 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 (2012) (P.206, ln 58,(b)):	988,029,328
2	Transmission Plant @ End of Historic Period (2012) (P.207, ln 58,(g)):	<u>1,115,290,032</u>
3		2,103,319,360
4	Average Balance of Transmission Investment	1,051,659,680
5	Annual Depreciation Expense, Historic TCOS, ln 246	25,189,839
6	Composite Depreciation Rate	2.40%
7	Round to 2% to Reflect a Composite Life of 50 Years	2.00%

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

8	Month in Service	Capitalized Balance	Composite Annual Depreciation Rate	Annual Depreciation	Monthly Depreciation	No. Months Depreciation	First Year Depreciation Expense
9	January	\$ 20,247,584	2.00%	\$ 404,952	\$ 33,746	11	\$ 371,206
10	February	\$ 4,894,740	2.00%	\$ 97,895	\$ 8,158	10	\$ 81,580
11	March	\$ 1,551,978	2.00%	\$ 31,040	\$ 2,587	9	\$ 23,283
12	April	\$ 1,354,882	2.00%	\$ 27,098	\$ 2,258	8	\$ 18,064
13	May	\$ 2,593,173	2.00%	\$ 51,863	\$ 4,322	7	\$ 30,254
14	June	\$ 44,470,507	2.00%	\$ 889,410	\$ 74,118	6	\$ 444,708
15	July	\$ 1,475,915	2.00%	\$ 29,518	\$ 2,460	5	\$ 12,300
16	August	\$ 1,651,911	2.00%	\$ 33,038	\$ 2,753	4	\$ 11,012
17	September	\$ 1,778,823	2.00%	\$ 35,576	\$ 2,965	3	\$ 8,895
18	October	\$ 3,528,308	2.00%	\$ 70,566	\$ 5,881	2	\$ 11,762
19	November	\$ 2,356,432	2.00%	\$ 47,129	\$ 3,927	1	\$ 3,927
20	December	\$ 4,865,132	2.00%	\$ 97,303	\$ 8,109	0	\$ -
21	Investment	<u>\$ 90,769,386</u>				Depreciation Expense	<u>\$ 1,016,991</u>

III. Plant Transferred

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

AEP West SPP Member Companies
2013 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	2012 Year End Tax Deferrals - Ws C-1	(926,406,626)	786,842	-	(927,193,469)	-	-	
2	282.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	14.9750%	38.8139%	6.2797%	
3	282.1	Allocated Total		0	0	(138,847,360)	0	0	(138,847,360)
282 Balance to Use in True-Up									
4	282.1	2012 Year End Tax Deferrals - Ws C-1	(926,406,626)	786,842	-	(927,193,469)	-	-	
5	282.1	2011 Year End Tax Deferrals - Ws C-2	(536,560,912)	10,621,531	-	(544,691,859)	-	(2,490,584)	
6		Subtotal	(1,462,967,538)	11,408,373	-	(1,471,885,328)	-	(2,490,584)	
7		Average Balance	(731,483,769)	5,704,186	0	(735,942,664)	0	(1,245,292)	
8		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.2319%	37.9909%	6.2882%	
9		Allocated Total		0	0	(119,457,529)	0	(78,307)	(119,535,836)
Account 283 - Form-1 page 276-277, Ln 9, Col (k)									
283 Balance to Use in Projection									
10	283.1	2012 Year End Tax Deferrals - Ws C-1	(41,074,933)	(9,441,923)	-	(3,972,018)	-	(27,660,992)	
11	283.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	14.9750%	38.8139%	6.2797%	
12	283.1	Allocated Total		0	0	(594,810)	0	(1,737,029)	(2,331,839)
283 Balance to Use in True-Up									
13	283.1	2012 Year End Tax Deferrals - Ws C-1	(41,074,933)	(9,441,923)	-	(3,972,018)	-	(27,660,992)	
14	283.1	2011 Year End Tax Deferrals - Ws C-2	(42,603,672)	(6,255,903)	-	(10,366,986)	-	(25,980,783)	
15		Subtotal	(83,678,605)	(15,697,826)	-	(14,339,004)	-	(53,641,775)	
16		Average Balance	(41,839,303)	(7,848,913)	0	(7,169,502)	0	(26,820,888)	
17		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.2319%	37.9909%	6.2882%	
18		Allocated Total		0	0	(1,163,747)	0	(1,686,553)	(2,850,300)
Account 190 - Form-1 page 234, Ln 8, Col. (c)									
190 Balance to Use in Projection									
19	190.1	2012 Year End Tax Deferrals - Ws C-1	197,640,428	60,880,786	-	128,413,855	-	8,345,787	
20	190.1	Transmission Allocator from Historic TCOS [GP or W/S]		0.0000%	100.0000%	14.9750%	38.8139%	6.2797%	
21	190.1	Allocated Total		0	0	19,229,994	0	524,091	19,754,085
190 Balance to Use in True-Up									
22	190.1	2012 Year End Tax Deferrals - Ws C-1	197,640,428	60,880,786	-	128,413,855	-	8,345,787	
23	190.1	2011 Year End Tax Deferrals - Ws C-2	71,386,128	60,977,171	-	3,968,222	-	6,440,734	
24		Subtotal	269,026,556	121,857,957	-	132,382,077	-	14,786,521	
25		Average Balance	134,513,278	60,928,979	0	66,191,039	0	7,393,260	
26		Transmission Allocator from True-Up TCOS [GP or W/S]		0.0000%	100.0000%	16.2319%	37.9909%	6.2882%	
27		Allocated Total		0	0	10,744,068	0	464,904	11,208,971
Account 255 - Form-1 page 266-267									
255 Balance to Use in Projection									
28	255	Acc Defrd ITC - Federal - 12/31/2012 (FF1 p. 267, Ln 2.h)	-			-			
29	255	Transmission Allocator from Historic TCOS [GP or W/S]				14.9750%			
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 - 12/31/2012 (FF1 p. 267, Ln 2.h)	-			-			
32	255	Acc Defrd ITC - Federal - 12/31/2011 (FF1 p. 266, Ln 2.b)	-			-			
33		Subtotal	-			-			
34		Average Balance	0			0			
35		Transmission Allocator from True-Up TCOS [GP or W/S]				16.2319%			
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-1 - ADIT & ITC Details

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

Account	Line #	Description	Balance	Exclusions	Allocation Method				
					100% Transmission	PTD Plant	T&D	Labor	
2821001	230A	ACRS BENEFIT NORMALIZED	(784,523,927)	PTD		(784,523,927)			
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD		(1,271,727)			
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	81,564	PTD		81,564			
2821001	230X	R & D DEDUCTION - SEC 174	(15,448,869)	PTD		(15,448,869)			
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS	(4,619,668)	PTD		(4,619,668)			
2821001	260A	SPARE PARTS INVENTORY	2,799,917	PTD		2,799,917			
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(2,898,026)	E	(2,898,026)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(34,717,062)	PTD		(34,717,062)			
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	1,764,559	PTD		1,764,559			
2821001	320A	ABFUDC	(66,874,303)	PTD		(66,874,303)			
2821001	380J	INT EXP CAPITALIZED FOR TAX	101,527,523	PTD		101,527,523			
2821001	390A	CIAC - BOOK RECEIPTS	11,372,808	PTD		11,372,808			
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(392,336)	PTD		(392,336)			
2821001	532A	PERCENT REPAIR ALLOWANCE	(15,126,740)	PTD		(15,126,740)			
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(26,929,835)	PTD		(26,929,835)			
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(29,170,517)	PTD		(29,170,517)			
2821001	534A	CAPITALIZED RELOCATION COSTS	(7,375,285)	PTD		(7,375,285)			
2821001	560K	LOSS-ABANDONMENT S TIE - BK	367,811	E	367,811				
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,388,158	PTD		10,388,158			
2821001	662A	WRITE-OFF RE SFAS 71	(11,180,579)	PTD		(11,180,579)			
2821001	662B	SFAS 109 WRITE-OFF RE SFAS 71	(2,878,325)	E	(2,878,325)				
2821001	680A	JOINT VENTURES-SYS FUEL PRJ-TX	(22,866)	E	(22,866)				
2821001	710W	BREM & HAUGH ACQUISITON ADJ-TX	6,218,248	E	6,218,248				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	7,712	PTD		7,712			
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	(2,571,312)	PTD		(2,571,312)			
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(74,846)	PTD		(74,846)			
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(3,042,116)	PTD		(3,042,116)			
2821001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	PTD		(14,179,508)			
2821001	910K	REMOVAL CST	(35,669,240)	PTD		(35,669,240)			
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO	(10,564)	PTD		(10,564)			
2821001	960F-XS	EXCESS ADFIT 282	(1,957,278)	PTD		(1,957,278)			
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(926,406,626)		786,842	0	(927,193,469)	0	0
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	926,406,626						
2831001	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	(8,785,000)	PTD		(8,785,000)			
2831001	510H	PROPERTY TAX-NEW METHOD-BOOK	-	E	0				
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	(727,746)	E	(727,746)				
2831001	575E-MJE	MTM BK GAIN-A/L-TAX DEFL - MJE	(5,556)	E	(5,556)				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	(3,229)	PTD		(3,229)			
2831001	605B	ACCURED BK PENSION EXPENSE	(37,954,431)	Labor				(37,954,431)	
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158	43,015,732	E	43,015,732				
2831001	613Z	ACC SEVER CSTS-ARK DO. #98339U	-	E	0				
2831001	630A	DEFD EXPS (A/C 186)	799,907	E	799,907				
2831001	630J	DEFD STORM DAMAGE	(573,678)	E	(573,678)				
2831001	630M	RATE CASE DEF D CHGS	(1,989,776)	E	(1,989,776)				
2831001	631A	DEFD VALENCE EXPENSES-CURRENT	(146,578)	E	(146,578)				
2831001	631B	DEFD VALENCE EXPENSES-NON-CURRENT	(1,479,666)	E	(1,479,666)				
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(570,781)	E	(570,781)				
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	(301)	E	(301)				
2831001	660F	REG ASSET - SFAS 143 - ARO	(418,971)	E	(418,971)				
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(43,015,732)	E	(43,015,732)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(101,591)	E	(101,591)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(2,284,953)	E	(2,284,953)				
2831001	664A	REG ASSET-UN/REC ENVIRON ADJ CLAUSE-LA	(2,650)	E	(2,650)				
2831001	664R	REG ASSET-VALLEY DISTRICT DUE DILIGENCE	(346,836)	E	(346,836)				
2831001	664S	REG ASSET-VMCO EMPLOYEE RETIREMENT	0	E	0				
2831001	664U	REG ASSET-VMCO ACQUIS/INVESTMENTS	(0)	E	(0)				
2831001	664V	REG ASSET-NET CCS FEED STUDY COSTS	(803,170)	E	(803,170)				
2831001	664X	REG ASSET-SWECO/VMCO TRANSACTION COST	(0)	E	(0)				
2831001	900A	LOSS ON REACQUIRED DEBT	(3,282,534)	PTD		(3,282,534)			
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT	26,504	PTD		26,504			
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	4,000,753	Labor				4,000,753	
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	4,446,063	Labor				4,446,063	
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN	1,846,623	Labor				1,846,623	
2831001	920G	TX AMORT-30% OF MINE DEV COSTS	-	PTD		0			
2831001	921A	BK DEPLETION-MINERALS & RIGHTS	384,728	PTD		384,728			
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	(786,872)	E	(786,872)				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT	(2,705)	E	(2,705)				
2831002	911Q-DSIT	DSIT ENTRY - NORMALIZED	7,687,513	PTD		7,687,513			
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(41,074,933)		(9,441,923)	0	(3,972,018)	0	(27,660,992)
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	41,074,933						
1901001	011C	TAX CREDIT C/F - DEF TAX ASSET-MJE	2,022,293	E	2,022,293				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(63,064)	E	(63,064)				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY	(1,956,200)	E	(1,956,200)				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY	(1,329,409)	E	(1,329,409)				
1901001	460A	UNBILLED REVENUE	10,056,786	E	10,056,786				
1901001	520A	PROVS POSS REV REFDs-A/L	1,791,824	PTD		1,791,824			
1901001	562G	DEFERRED BOOK GAIN/LOSS ON SALE-LT	48,970	E	48,970				
1901001	576F	MARK & SPREAD-DEFL-190-A/L	(302,244)	PTD		(302,244)			
1901001	602A	PROV WORKER'S COMP	186,962	Labor				186,962	
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	282,798	Labor				282,798	
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	101,591	E	101,591				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	89,212	Labor				89,212	
1901001	605K	ACCURED BK BENEFIT COSTS	76,018	Labor				76,018	
1901001	605O	ACCURED PSI PLAN EXP	292,257	Labor				292,257	
1901001	610A	BK PROV UNCOLL ACCTS	714,527	PTD		714,527			
1901001	610D	PROV-FAS 157 - A/L	(155)	E	(155)				
1901001	611E	ACCURED MINE RECLAMATION	13,713,782	PTD		13,713,782			
1901001	611G	DEFD COMPENSATION-BOOK EXPENSE	593,275	Labor				593,275	
1901001	612Y	ACCRD COMPANYWIDE INCENTY PLAN	3,610,654	Labor				3,610,654	
1901001	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT	15,052	PTD		15,052			
1901001	613E	ACCURED BOOK VACATION PAY	3,214,611	Labor				3,214,611	
1901001	613K	(ICDP)-INCENTIVE COMP DEFERRAL PLAN	68,169	E	68,169				
1901001	613Y	ACCURED BK SEVERANCE BENEFITS	219,384	E	219,384				
1901001	615B	ACCURED INTEREST-LONG-TERM - FIN 48	(681,609)	E	(681,609)				
1901001	615B-MJE	ACCRD INTRST-TAX RES-LT-FIN 48-MJE	961,045	E	961,045				
1901001	615C	ACCURED INTEREST-SHORT-TERM - FIN 48	(407,410)	E	(407,410)				
1901001	615C-MJE	ACCRD INTRST-TAX RES-S/T-FIN 48-MJE	417,974	E	417,974				
1901001	615O	BK DFL RAIL TRANS REV/EXP	31,644	E	31,644				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(69,006)	PTD		(69,006)			
1901001	641I	ADVANCE RENTAL INC (CUR MO)	329,961	PTD		329,961			
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	262,845	PTD		262,845			
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(149,459)	E	(149,459)				
1901001	664G	REG LIAB-MIRROR AFUDC-LA	33,632,863	E	33,632,863				
1901001	701A	AMORT - GOODWILL PER BOOKS	1,023,750	E	1,023,750				
1901001	702A	GOODWILL PER TAX	(572,517)	E	(572,517)				
1901001	906F	ACCRD OPEB COSTS - SFAS 158	2,284,953	E	2,284,953				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	12,802,240	E	12,802,240				
1901001	911F-FIN48	FIN 48 DSIT	(276,145)	E	(276,145)				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	(2,690,630)	PTD		(2,690,630)			
1901001	911S	ACCURED SALES & USE TAX RESERVE	(2,032,485)	E	(2,032,485)				
1901001	911T	ACCURED SALES & USE TAX RESERVE - MJE	2,431,100	E	2,431,100				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	872,027	E	872,027				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	1,233,829	E	1,233,829				
1901001	911W	ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48	24,390	E	24,390				
1901001	940X	IRS CAPITALIZATION ADJUSTMENT	1,125,163	PTD		1,125,163			
1901001	960E	AMT CREDIT - DEFERRED	116,230	E	116,230				
1901001	960Z	NOL - DEFERRED TAX ASSET RECLASS	88,422,582	PTD		88,422,582			
1901002	014C-DSIT	NOL-STATE C/F-DEF STATE TAX ASSET-LT	25,100,000	PTD		25,100,000			
1901		TOTAL ELECTRIC ACCOUNT SUBTOTAL	197,640,428		60,880,786				

Worksheet C-2 - ADIT & ITC Details

SOUTHWESTERN ELECTRIC POWER COMPANY
 DETAIL OF DEFERRED INCOME TAX BALANCES
 AS OF DECEMBER 31, 2011

Account	Line #	Description	Balance	Allocation Basis	Allocation Method				
					Exclusions	100% Transmission	PTD Plant	T&D	Labor
2821001	230A	ACRS BENEFIT NORMALIZED	(402,159,063)	PTD			(402,159,063)		
2821001	230I	CAPD INTEREST-SECTION 481(a)-CHANGE IN METHD	(1,271,727)	PTD			(1,271,727)		
2821001	230J	RELOCATION CST-SECTION 481(a)-CHANGE IN METHD	81,564	PTD			81,564		
2821001	230X	R & D DEDUCTION - SEC 174	(15,594,301)	PTD			(15,594,301)		
2821001	234Q	MACRS TAX DEPRECIATION - RAIL CARS	(3,816,904)	PTD			(3,816,904)		
2821001	260A	SPARE PARTS INVENTORY	2,799,917	PTD			2,799,917		
2821001	280H	BK PLANT IN SERVICE - SFAS 143 - ARO	(2,338,143)	E	(2,338,143)				
2821001	295A	GAIN/LOSS ON ACRS/MACRS PROPERTY	(35,363,509)	PTD			(35,363,509)		
2821001	295C	GAIN/LOSS-ACRS/MACRS-BK/TX UNIT PROP	1,323,559	PTD			1,323,559		
2821001	320A	ABFUDC	(49,899,574)	PTD			(49,899,574)		
2821001	380J	INT EXP CAPITALIZED FOR TAX	74,768,965	PTD			74,768,965		
2821001	390A	CIAC - BOOK RECEIPTS	10,566,205	E	10,566,205				
2821001	510H	PROPERTY TAX-NEW METHOD-BOOK	(392,336)	PTD			(392,336)		
2821001	532A	PERCENT REPAIR ALLOWANCE	(15,126,740)	PTD			(15,126,740)		
2821001	532C	BOOK/TAX UNIT OF PROPERTY ADJ	(18,499,068)	PTD			(18,499,068)		
2821001	532D	BK/TX UNIT OF PROPERTY ADJ-SEC 481 ADJ	(29,170,517)	PTD			(29,170,517)		
2821001	534A	CAPITALIZED RELOCATION COSTS	(7,765,416)	PTD			(7,765,416)		
2821001	560K	LOSS-ABANDONMENT S TIE - BK	367,811	PTD			367,811		
2821001	651A	IMPAIRED ASSETS RES-FAS 121-BK	10,388,158	E	10,388,158				
2821001	662A	WRITE-OFF RE SFAS 71	(11,180,579)	PTD			(11,180,579)		
2821001	662B	SFAS 109 WRITE-OFF RE SFAS 71	(2,878,325)	PTD			(2,878,325)		
2821001	680A	JOINT VENTURES-SYS FUEL PRJ-TX	(22,866)	E	(22,866)				
2821001	710W	BREM & HAUGH ACQUISITION ADJ-TX	6,218,248	E	6,218,248				
2821001	711N	CAPITALIZED SOFTWARE COSTS-TAX	8,080	Labor					8,080
2821001	711O	BOOK LEASES CAPITALIZED FOR TAX	287,287	PTD			287,287		
2821001	711R	CAPITALIZED LEASES - A/C 1011 ASSETS	(74,846)	PTD			(74,846)		
2821001	712K	CAPITALIZED SOFTWARE COST-BOOK	(2,498,664)	Labor					(2,498,664)
2821001	910J	INTEREST EXPENSE - COAL CARS	(14,179,508)	E	(14,179,508)				
2821001	910K	REMOVAL CST	(30,683,879)	PTD			(30,683,879)		
2821001	910W	REMOVAL COSTS REV-SFAS 143-ARO	(10,564)	E	(10,564)				
2821001	960F-XS	EXCESS ADFIT 282	(444,178)	PTD			(444,178)		
2821001		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(536,560,912)		10,621,531	0	(544,691,859)	0	(2,490,584)
		(absolute value Total Company Amount Ties to FF1 p.275(k) -- Acct 282 Electric)	536,560,912						
2831001	510H	PROPERTY TAX-NEW METHOD-BOOK	(1,180,461)	PTD			(1,180,461)		
2831001	575E	MTM BK GAIN-A/L-TAX DEFL	718,129	E	718,129				
2831001	575E-MJE	MTM BK GAIN-A/L-TAX DEFL - MJE	(5,556)	E	(5,556)				
2831001	576E	MARK & SPREAD-DEFL-283-A/L	(38,431)	E	(38,431)				
2831001	605B	ACCURED BK PENSION EXPENSE	(37,088,198)	Labor					(37,088,198)
2831001	605C	ACCURED BK PENSION COSTS - SFAS 158	42,949,433	E	42,949,433				
2831001	613Z	ACC SEVER CSTS-ARK DO. #98339U	(1)	Labor					(1)
2831001	630A	DEFD EXPS (A/C 186)	(2,426,151)	PTD			(2,426,151)		
2831001	630J	DEFD STORM DAMAGE	(1,232,578)	PTD			(1,232,578)		
2831001	630M	RATE CASE DEFD CHGS	(1,394,469)	PTD			(1,394,469)		
2831001	632U	BK DEFL-DEMAND SIDE MNGMT EXP	(467,029)	PTD			(467,029)		
2831001	638A	BOOK > TAX BASIS - EMA-A/C 283	85,550	E	85,550				
2831001	640K	DEFD TAX GAIN-EPA AUCTION	0	E	0				
2831001	660A	TRANSITION REGULATORY ASSETS	0	E	0				
2831001	660F	REG ASSET - SFAS 143 - ARO	(304,296)	E	(304,296)				
2831001	660L	REG ASSET - DEFERRED LITIGATION COSTS	0	PTD			0		
2831001	661R	REG ASSET - SFAS 158 - PENSIONS	(42,948,035)	E	(42,948,035)				
2831001	661S	REG ASSET - SFAS 158 - SERP	(75,061)	E	(75,061)				
2831001	661T	REG ASSET - SFAS 158 - OPEB	(9,994,128)	E	(9,994,128)				
2831001	664A	REG ASSET-UND/REC ENVIRON ADJ CLAUSE-LA	(7,008)	PTD			(7,008)		
2831001	900A	LOSS ON REACQUIRED DEBT	(3,768,888)	PTD			(3,768,888)		
2831001	900F	BK DEFL-GAIN REACQUIRED DEBT	109,597	PTD			109,597		
2831001	906A	ACCRD SFAS 106 PST RETIRE EXP	4,519,605	Labor					4,519,605
2831001	906D	SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT	4,400,377	Labor					4,400,377
2831001	906K	ACCRD SFAS 112 PST EMPLOY BEN	2,187,434	Labor					2,187,434
2831001	913Y	BK DEFL - MERGER COSTS	0	E	0				
2831001	920G	TX AMORT-30% OF MINE DEV COSTS	(11,628)	E	(11,628)				
2831001	921A	BK DEPLETION-MINERALS & RIGHTS	(104,338)	E	(104,338)				
2831001	930A	BOOK > TAX BASIS-PRTSHP INVEST	39	E	39				
2831001	940K	1988-1990 IRS AUDIT SETTLEMENT	(2,705)	E	(2,705)				
2831001	664R	REG ASSET-VALLEY DISTRICT DUE DILIGENCE	(290,292)	E	(290,292)				
2831001	664U	REG ASSET-DEMCO ACQUIS/INVESTMENTS	50,046	E	50,046				
2831001	664S	REG ASSET-DEMCO EMPLOYEE RETIREMENT	135,167	E	135,167				
2831001	664W	REG ASSET-DEMCO ECONOMIC INVESTMENT	0	E	0				
2831001	664X	REG ASSET-SWEPCO/DEMCO TRANSACTION COST	205,533	E	205,533				
2831001	664V	REG ASSET-NET CCS FEED STUDY COSTS	(832,863)	E	(832,863)				
2831002	DSIT	DSIT ENTRY - NORMALIZED	4,207,532	E	4,207,532				
2831		TOTAL ELECTRIC ACCOUNT SUBTOTAL	(42,603,672)		(6,255,903)	0	(10,366,986)	0	(25,980,783)
		(absolute value Total Company Amount Ties to FF1 p.277(k) -- Acct 283 Electric)	42,603,672						
1901001	433A	PUCT FUEL O/U RECOVERY-RETAIL	(6,108)	E	(6,108)				
1901001	433B	INTEREST-FUEL OVER/UNDER RECOVERY	(1,093,456)	E	(1,093,456)				
1901001	433C	AR - FUEL OVER/UNDER RECOVERY	(4,448,037)	E	(4,448,037)				
1901001	433D	LA - FUEL OVER/UNDER RECOVERY	(0)	E	(0)				
1901001	460A	UNBILLED REVENUE	8,796,064	E	8,796,064				
1901001	520A	PROVS POSS REV REFDS-A/L	2,514,789	PTD			2,514,789		
1901001	576F	MARK & SPREAD-DEFL-190-A/L	548,165	E	548,165				
1901001	602A	PROV WORKER'S COMP	78,930	Labor					78,930
1901001	605E	SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN	401,399	Labor					401,399
1901001	605F	ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158	75,061	E	75,061				
1901001	605I	ACCRD BK SUP. SAVINGS PLAN EXP	110,759	Labor					110,759
1901001	605J	EMPLOYER SAVINGS PLAN MATCH	0	E	0				
1901001	605K	ACCURED BK BENEFIT COSTS	76,018	Labor					76,018
1901001	605O	ACCURED PSI PLAN EXP	290,574	Labor					290,574
1901001	610A	BK PROV UNCOLL ACCTS	346,271	PTD			346,271		
1901001	610U	PROV-TRADING CREDIT RISK - A/L	770	E	770				
1901001	610V	PROV-FAS 157 - A/L	(9,126)	E	(9,126)				
1901001	611E	ACCURED MINE RECLAMATION	12,267,508	E	12,267,508				
1901001	611Y	PROVISION FOR LITIGATION	(536,559)	PTD			(536,559)		
1901001	612Y	ACCRD COMPANYWIDE INCENTV PLAN	2,381,623	Labor					2,381,623
1901001	613C	ACCRD ENVIRONMENTAL LIAB-CURRENT	23,628	PTD			23,628		
1901001	613E	ACCURED BOOK VACATION PAY	3,101,432	Labor					3,101,432
1901001	613V	ACCRD BK SEI EMP BENEFIT COSTS	0	E	0				
1901001	613Y	ACCURED BK SEVERANCE BENEFITS	0	Labor					0
1901001	615A	ACCURED INTEREST EXP -STATE	155,299	E	155,299				
1901001		ACCURED INTEREST EXP -STATE - MJE	(155,299)	E	(155,299)				
1901001	615B	ACCURED INTEREST-LONG-TERM - FIN 48	(740,709)	E	(740,709)				
1901001	615B-MJE	ACCURED INTRST-TAX RES-U/T-FIN 48-MJE	961,045	E	961,045				
1901001	615C	ACCURED INTEREST-SHORT-TERM - FIN 48	(557,623)	E	(557,623)				
1901001	615C-MJE	ACCURED INTRST-TAX RES-S/T-FIN 48-MJE	417,974	E	417,974				
1901001	615O	BK DFL RAIL TRANS REV/EXP	(0)	E	(0)				
1901001	633Y	DEFD REVENUE-DSM LOST REVENUES	0	E	0				
1901001	639A	DEFD BK GAIN-NON-AFF SALE-EMA	(69,006)	E	(69,006)				
1901001	641I	ADVANCE RENTAL INC (CUR MO)	301,130	PTD			301,130		
1901001	641X	DEFERRED INCOME - DOLET HILLS MINING BUYOUT	332,017	E	332,017				
1901001	652G	REG LIAB-UNREAL MTM GAIN-DEFL	(1,634,651)	E	(1,634,651)				
1901001	664G	REG LIAB-MIRROR AFUDC-LA	18,407,950	E	18,407,950				
1901001	700Z	TAX DEFL - DEBT ISSUE COSTS	952,125	PTD			952,125		
1901001	906F	ACCRD OPEB COSTS - SFAS 158	9,994,128	E	9,994,128				
1901001	906P	ACCRD BOOK ARO EXPENSE - SFAS 143	12,649,803	E	12,649,803				
1901001	911F-FIN48	FIN 48 DSIT	(254,002)	E	(254,002)				
1901001	911Q-DSIT	DSIT ENTRY - NORMALIZED	(1,472,636)	PTD			(1,472,636)		
1901001	911R	ACCRD SIT/FRANCHISE TAX RESERVE	(114,800)	E	(114,800)				
1901001		ACCRD SIT/FRANCHISE TAX RESERVE-MJE	114,800	E	114,800				
1901001		ACCRUED SALES & USE TAX RESERVE	(1,512,525)	E	(1,512,525)				
1901001		ACCRUED SALES & USE TAX RESERVE - MJE	2,431,100	E	2,431,100				
1901001	911V	ACCRD SIT TX RESERVE-LNG-TERM-FIN 48	991,911	E	991,911				
1901001	911V-MJE	ACCRD SIT TX RES-LNG-TERM-FIN 48-MJE	(1,233,						

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate
Worksheet D - Working Capital Rate Base Adjustments
SOUTHWESTERN ELECTRIC POWER COMPANY

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Materials & Supplies								
Line Number	Source	Balance @ December 31, 2012	Balance @ December 31, 2011	Average Balance for Rate Year 2012				
1								
2	Transmission Materials & Supplies	FF1, p. 227, ln 8, Col. (c & b)	478,573	151,172	314,873			
3	General Materials & Supplies	FF1, p. 227, ln 11, Col. (c & b)	185,074	121,528	153,301			
4	Stores Expense (Undistributed)	FF1, p. 227, ln 16, Col. (c & b)	0	0	0			

Prepayment Balance Summary

	Average of YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
5	Totals as of December 31, 2012	10,664,815	(110,340,325)	0	1,817,477	119,187,663	121,005,140
6	Totals as of December 31, 2011	9,966,336	(105,277,143)	0	1,178,400	114,065,080	115,243,480
7	Average Balance	10,315,576	(107,808,734)	0	1,497,939	116,626,371	118,124,310

Prepayments Account 165 - Balance @ 12/31/2012

Acc. No.	Description	2012 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
8	1650001 Prepaid Insurance	1,206,994	0		596,581	610,413	1,206,994	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins.
9	1650004 Prepaid Interest	0	0		0		0	Prepaid Executive Life Insurance
10	1650005 Prepaid Employee Benefits	0	0				0	Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
11	1650006 Other Prepayments	7,370,675	7,370,675				0	AR Factoring - Excluded because it is retail. Prefunded Pension Expense
12	1650009 Prepaid Carry Cost-Factored AR	61,037	61,037				0	
13	1650010 Prepaid Pension Benefits	118,139,537				118,139,537	118,139,537	
14	16500112 Prepaid Sales Taxes	681,000			681,000		681,000	
15	165001212 Prepaid Use Taxes	0					0	
16	1650014 FAS 158 Qual Contra Asset	(118,139,537)	(118,139,537)				0	Non-Cash Offset Excludable from Rate Base
17	1650016 FAS 112 ASSETS	0					0	SFAS 158 Offset
18	1650021 Prepaid Insurance - EIS	977,609			539,896	437,713	977,609	Liability Ins.
19	1650023 Prepaid Leases	67,500	67,500				0	
20	1650029 Future Wetland Credits - Long Term	300,000	300,000				0	Dolet Hills Future Wetlands Credit
21	Subtotal - Form 1, p 111.57.c	10,664,815	(110,340,325)	0	1,817,477	119,187,663	121,005,140	

Prepayments Account 165 - Balance @ 12/31/2011

Acc. No.	Description	2011 YE Balance	Excludable Balances	100% Transmission Related	Plant Related	Labor Related	Total Included in Rate Base (E)+(F)+(G)	
23	1650001 Prepaid Insurance	1,054,123	0		543,574	510,549	1,054,123	Plant: Property Ins, Labor Related: Gen Liability Ins, D&O Ins, Workers Comp Ins.
24	1650004 Prepaid Interest	0	0		0		0	Prepaid Royalty Pmts to Coal Leaseholders, Stall Prepaid agreement fees & NERC Assessment fees.
25	1650006 Other Prepayments	6,985,537	6,985,537				0	AR Factoring - Excluded because it is retail. Prefunded Pension Expense
26	1650009 Prepaid Carry Cost-Factored AR	84,194	84,194				0	
27	1650010 Prepaid Pension Benefits	113,158,952				113,158,952	113,158,952	
28	1650014 FAS 158 Qual Contra Asset	(113,158,952)	(113,158,952)				0	Non-Cash Offset Excludable from Rate Base
29	1650016 FAS 112 ASSETS	0					0	SFAS 158 Offset
30	1650021 Prepaid Insurance - EIS	1,030,405			634,826	395,579	1,030,405	Plant: EIS Property Ins, Labor Related: EIS Gen Liability Ins.
31	165001209 Prepaid Taxes	668,600	668,600				0	
32	1650023 Prepaid Leases	143,478	143,478				0	
33	Subtotal - Form 1, p 111.57.d	9,966,336	(105,277,143)	0	1,178,400	114,065,080	115,243,480	

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate
Worksheet E - IPP Credits
SOUTHWESTERN ELECTRIC POWER COMPANY

<u>Line Number</u>	<u>(A) Description</u>	<u>(B) 2012</u>
1	Net Funds from IPP Customers @ 12/31/2011 (2012 FORM 1, P269, (B))	19,431,329
2	Interest Accrual (company records)	657,290
3	Revenue Credits to Generators (company records)	703,444
4		
	<u>Other Adjustments (company records)</u>	
5	Accounting Adjustment	-
6		
7	Net Funds from IPP Customers 12/31/2012 (2012 FORM 1, P269, (F))	20,792,063
8	Average Balance for 2012 ((ln 1 + ln 7)/2)	20,111,696

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

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

ROE w/o incentives (Projected TCOS, In 149)			11.20%
Project ROE Incentive Adder (Enter as whole number)		0	basis points
ROE with additional 0 basis point incentive			11.20% <==Incentive ROE Cannot Exceed 12.45%
Determine R (cost of long term debt, cost of preferred stock and percent is from Projected TCOS, Ins 147 through 149)			
	%	Cost	Weighted cost
Long Term Debt	49.25%	0.0580	0.0286
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	50.75%	0.1120	0.0568
			R = 0.0854

SUMMARY OF PROJECTED ANNUAL BASE PLAN AND NON-BASE PLAN REVENUE REQUIREMENTS			
	Rev Require	W Incentives	Incentive Amounts
PROJECTED YEAR 2013	33,398,332	33,398,332	\$ -

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

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

Rate Base (Projected TCOS, In 75)	628,927,014
R (from A. above)	0.0854
Return (Rate Base x R)	53,711,183

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

Return (from B. above)	53,711,183
Tax Rate (Projected TCOS, In 109)	37.75%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	40.36%
Income Tax Calculation (Return x EIT)	21,678,540
ITC Adjustment (Projected TCOS, In 116)	(132,236)
Income Taxes	21,546,304

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

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

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

Net Revenue Requirement (Projected TCOS, In 123)	129,004,406
Return (Projected TCOS, In 118)	53,711,183
Income Taxes (Projected TCOS, In 117)	21,546,304
Gross Margin Taxes (Projected TCOS, In 122)	303,106
Net Revenue Requirement, Less Return and Taxes	53,443,813

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

Net Revenue Requirement, Less Return and Taxes	53,443,813
Return (from I.B. above)	53,711,183
Income Taxes (from I.C. above)	21,546,304
Net Revenue Requirement, with 0 Basis Point ROE increase	128,701,300
Gross Margin Tax with 0 Basis Point ROE Increase (II C. below)	303,106
Revenue Requirement w/ Gross Margin Taxes	129,004,406
Less: Depreciation (Projected TCOS, In 95)	23,762,863
Net Rev. Req, w/0 Basis Point ROE increase, less Depreciation	105,241,543

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)	128,701,300
Apportionment Factor to Texas (Worksheet K, In 12)	33.56%
Apportioned Texas Revenues	43,198,274
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	30,238,792
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	302,388
Gross-up Required for Gross Margin Tax Expense	718
Total Additional Gross Margin Tax Revenue Requirement	303,106

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

Net Transmission Plant (Projected TCOS, Ins 46, 47, 48, 49, 51)	751,794,679
Net Revenue Requirement, with 0 Basis Point ROE increase	128,701,300
FCR with 0 Basis Point increase in ROE	17.12%
Net Rev. Req, w / 0 Basis Point ROE increase, less Dep.	105,241,543
FCR with 0 Basis Point ROE increase, less Depreciation	14.00%
FCR less Depreciation (Projected TCOS, In 12)	14.00%
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)	988,029,328	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,115,290,032	<==From Input on Worksheet B
	2,103,319,360	
Transmission Plant Average Balance for 2012	1,051,659,680	
Annual Depreciation Expense (Historic TCOS, In 246)	25,189,839	
Composite Depreciation Rate	2.40%	
Depreciable Life for Composite Depreciation Rate	41.75	
Round to nearest whole year	42	

AEP West SPP Member Companies
 2013 Cost of Service Formula Rate Projected on 2012 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 2012 Data
SOUTHWESTERN ELECTRIC POWER COMPANY

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

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

ROE w/o incentives (True-Up TCOS, In 136)	11.20%		
Project ROE Incentive Adder (Enter as whole number)		0	basis points
ROE with additional 0 basis point incentive	11.20%	==Incentive ROE Cannot Exceed 12.45%	
Determine R (cost of long term debt, cost of preferred stock and percent is from True-Up TCOS, Ins 134 through 136)			
	%	Cost	Weighted cost
Long Term Debt	48.68%	0.0611	0.0297
Preferred Stock	0.00%	0.0000	0.0000
Common Stock	51.32%	0.1120	0.0575
		R =	0.0872

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

Rate Base (True-Up TCOS, In 63)	524,880,488
R (from A. above)	0.0872
Return (Rate Base x R)	45,783,179

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

Return (from B. above)	45,783,179
Tax Rate (True-Up TCOS, In 96)	37.75%
EIT=(T/(1-T)) * (1-(WCLTD/WACC)) =	39.96%
Income Tax Calculation (Return x EIT)	18,296,102
ITC Adjustment (True-Up TCOS, In 103)	(151,591)
Income Taxes	18,144,511

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

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

Net Revenue Requirement (True-Up TCOS, In 110)	117,265,418
Return (True-Up TCOS, In 105)	45,783,179
Income Taxes (True-Up TCOS, In 104)	18,144,511
Gross Margin Taxes (True-Up TCOS, In 109)	275,524
Net Revenue Requirement, Less Return and Taxes	53,062,205

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

Net Revenue Requirement, Less Return and Taxes	53,062,205
Return (from I.B. above)	45,783,179
Income Taxes (from I.C. above)	18,144,511
Net Revenue Requirement, with 0 Basis Point ROE increase	116,989,895
Gross Margin Tax with Basis Point ROE Increase (II C. below)	275,524
Revenue Requirement w/ Gross Margin Taxes	117,265,418
Less: Depreciation (True-Up TCOS, In 83)	23,678,741
Net Rev. Req. w/0 Basis Point ROE increase, less Depreciation	93,586,677

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)	116,989,895
Apportionment Factor to Texas (Worksheet K, In 12)	33.56%
Apportioned Texas Revenues	39,267,369
Taxable Percentage of Revenue (70%)	70%
Taxable, Apportioned Margin	27,487,158
Texas Gross Margin Tax Rate	1%
Texas Gross Margin Tax Expense	274,872
Gross-up Required for Gross Margin Tax Expense	652
Total Additional Gross Margin Tax Revenue Requirement	275,524

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

Net Transmission Plant (True-Up TCOS, In 39)	635,978,096
Net Revenue Requirement, with 0 Basis Point ROE increase	117,265,418
FCR with 0 Basis Point increase in ROE	18.44%
Net Rev. Req. w / 0 Basis Point ROE increase, less Dep.	93,586,677
FCR with 0 Basis Point ROE increase, less Depreciation	14.72%
FCR less Depreciation (True-Up TCOS, In 12)	14.72%
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)	988,029,328	<==From Input on Worksheet B
Transmission Plant @ End of Period (P.207, In 58)	1,115,290,032	<==From Input on Worksheet B
	2,103,319,360	
Transmission Plant Average Balance for 2012	1,051,659,680	
Annual Depreciation Expense (True-Up TCOS, In 83)	25,189,839	
Composite Depreciation Rate	2.40%	
Depreciable Life for Composite Depreciation Rate	41.75	
Round to nearest whole year	42	

SUMMARY OF TRUED-UP ANNUAL REV. REQ. FOR SPP BPU & NON-BPU PROJECTS					
TRUE-UP YEAR	2012	Rev Require	W Incentives	Incentive Amounts	
Σ Prior Year Projected (WS-F)	\$	29,283,407	\$	29,283,407	\$ -
Σ Prior Year True-Up (WS-G)	\$	24,538,788	\$	24,538,788	\$ -
True-up Adjustment For 2012		(4,744,618)		(4,744,618)	-

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 2012 FF1 Balances
Worksheet H - Revenue Credits for Historic Period
SOUTHWESTERN ELECTRIC POWER COMPANY

Revenue Credits for

	Total Company	Non- Transmission	Transmission
I. Account 450, Forfeited Discounts	4,518,371	4,518,371	0
II. Account 451, Miscellaneous Service Revenues	2,651,591	2,651,591	0
III. Account 454, Rent from Electric Property			
1 Account 4540001 - Rent from Elect Property-Aff	1,849,397	1,849,397	0
2 Account 4540002 - Rent from Elect Property - Non-Aff	3,202,328	3,202,328	0
3 Account 4540005 - Rent from Elect Property - Pole Attach	4,976,653	4,976,653	0
4 Account 4540004 - Rent from Elect Property - ABD - Non-Aff	85,536	85,536	0
5 Total Rents from Electric Property	10,113,914		0

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

IV. Account 4560015, Revenues from Associated Business Development			
1 Account 4560015, Revenues from Associated Business Development	483,110		118,729
V. Total Other Operating Revenues To Reduce Revenue Requirement			118,729

VI. Account 456.1, Revenues from Transmission of Electricity of Others			57,085,077
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(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)			0
2 Sponsored Upgrade Revenue			0
3 Credits against Transmission Service Revenue related to Generation Interconnections			1,759,082
4 Revenue for GFA's (Relative to SPP OATT) Associated with Load Included in the Divisor			108,067
5 Network Service Revenue (SPP Schedule 9) Associated with Load included in the Divisor			28,764,089
6 Revenue Associated with Transmission Plant Excluded From SPP Tariff			0
7 Distribution and Other Non-Transmission Revenue			355,126
8 Revenue from SPP Ancillary Services Provided			4,289,202
9 Base Plan Revenue (from SPP)			12,381,790
10 Flow Through of ERCOT Ancillary Charges			0
11 Other			0

Net Transmission Credits \$9,427,721

VII. Total Worksheet A Revenue Credits			<u>\$9,546,450</u>
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VIII. Data Sources:

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

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 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 2012 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>(A) Description</u>	<u>(C) 2012 Expense</u>	<u>(D) 100% Non-Transmission</u>	<u>(E) 100% Transmission Specific</u>	<u>(F) Explanation</u>
Account 926						
<u>2007 Base Year OPEB Expense (Note 1)</u>						
1	9260021	Postretirement Benefits - OPEB	7,852,189			
2	9260057	Postret Ben Medicare Subsidy	(2,175,142)			
3		OPEB Billed From Service Corporation	496,027			
4		Net 2007 Base Year Expense	6,173,074			
5	<u>2012 Current Year Expense</u>					
6	9260021	Postretirement Benefits - OPEB	4,637,716			
7	9260057	Postret Ben Medicare Subsidy	1,290,806			
8		OPEB Billed From Service Corporation	713,461			
9		Net 2012 Expense	6,641,983			
10		Net Increase (Decrease) in OPEB Expense	468,909	This Amount Is Allocated on Wages & Salaries		
Note 1: Absent a 205 Filing with FERC, the base amounts (Lns 1-4) will not change in subsequent years.						
Account 928						
11	9280000	Regulatory Commission Exp	20,984	20,285	699	
12	9280001	Reg Commission Expense - OCC Annual Fees	96,212	59,064	37,148	FERC Annual Assessment
13	9280002	Reg Commission Exp - Labor Accruals	(2,027)	(1,651)	(376)	Labor accruals - for various depts
14	9280002	Reg Commission Exp - Case	662	514	147	Arkansas Rate Case filing
15	9280002	Reg Commission Exp - Case	46,385	41,927	4,458	Misc Filing
16	9280002	Reg Commission Exp - Case	15,736	15,736		2009 TX EECRF Filing
17	9280002	Reg Commission Exp - Case	990	0	990	FERC Docket ER07-1369-000
18	9280002	Reg Commission Exp - Case	(8,199)	(8,199)		2009 TX Filing - Fuel Rec
19	9280002	Reg Commission Exp - Case	72,344	69,403	2,941	2009 TX Rate Filing
20	9280002	Reg Commission Exp - Case	1,373,089	864,308	508,780	SWEPCO TX Rate Case filing - 2012
21	9280002	Reg Commission Exp - Case	107,964	107,964		Rate Case Support - Flint Greek FGD
22	9280002	Reg Commission Exp - Case	21,648	21,648		Rate Case Support - SWEPCO Turk CWIP Case 2011
23	9280002	Reg Commission Exp - Case	(209,837)	(165,514)	(44,323)	Rate Case Support - SWEPCO TX CWIP Case 2010
24	9280003	Rate Case Amort	1,669,113	1,669,113		Rate Case Amortization
25		Total (FF1, pg. 323)	3,205,062	2,694,598	510,464	
Account 930.1						
26	9301000	General Advertising Expenses	56,686	49,095	7,591	
27	9301001	Newspaper Advertising Space	46,385	40,323	6,062	
28	9301002	Radio Station Advertising Time	8,800	7,844	956	
29	9301003	TV Station Advertising Time	2,950	2,482	468	
30	9301006	Spec Corporate Comm Info Proj	2	2	0	
31	9301008	Direct Mail and Handouts	0	0	0	
32	9301009	Fairs, Shows, and Exhibits	465	391	74	
33	9301010	Publicity	2,989	2,587	402	
34	9301011	Dedications, Tours, & Openings	4	4	0	
35	9301012	Public Opinion Surveys	7,472	7,159	313	
36	9301013	Movies Slide Films & Speeches	0	0	0	
37	9301014	Video Communications	43	37	6	
38	9301015	Other Corporate Comm Exp	80,568	76,506	4,062	
39		Total (FF1, pg. 323)	206,363	186,430	19,934	
Account 930.2						
40	9302000	Misc General Expenses	(2,608,190)	(2,638,244)	30,054	
41	9302003	Corporate & Fiscal Expenses	104,856	96,658	8,199	
42	9302004	Research, Develop&Demonstr Exp	10,623	10,623	0	
43	9302006	Assoc Bus Development - Materials Sold-Trans	0	0	0	
44	9302006	Assoc Bus Development - Materials Sold-Non Trans	80,350	80,350	0	
45	9302007	Assoc Business Development Exp - Transmission	88,172	0	88,172	
46	9302007	Assoc Business Development Exp - Non-Transmission	128,175	128,175	0	
47	9302458	AEPSC Non Affiliated expenses	521	521	0	
48	9270000	Franchise Requirements	116	116	0	
49		Total (FF1, pg. 323)	(2,195,376)	(2,321,802)	126,425	

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet K - Development of Composite State Income Tax Rate
SOUTHWESTERN ELECTRIC POWER COMPANY

I. DEVELOPMENT OF COMPOSITE STATE INCOME TAX RATES FOR 2012

State Income Tax Rate - Louisiana		8.00%	
Apportionment Factor		37.20%	
Effective Louisiana State Income Tax Rate			2.9760%
State Income Tax Rate - Arkansas		6.50%	
Apportionment Factor		19.09%	
Effective Arkansas State Income Tax Rate			1.2406%
State Income Tax Rate - Oklahoma	Note 1	5.66%	
Apportionment Factor		0.25%	
Effective State Income Tax Rate			0.0142%
State Income Tax Rate - Ohio		8.5000%	
Apportionment Factor		0.00%	
Tax Phase-out Factor	Note 2	20.00%	
Effective State Income Tax Rate			0.0000%
State Income Tax Rate - Nebraska		5.58%	
Apportionment Factor		0.0003%	
Effective Nebraska State Income Tax Rate			0.0000%
Total Effective State Income Tax Rate			<u>4.2308%</u>

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

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

II. CALCULATION OF TEXAS GROSS MARGIN TAX

Line #	REVENUE REQUIREMENT BEFORE TEXAS GROSS MARGIN TAX (In 118 of Template)	Projected		Historic		Actual	
		Total Company	Trans. Only	Total Company	Trans. Only	Total Company	Trans. Only
		666,251,663	128,701,300	659,542,627	119,633,552	576,766,533	116,989,895
1	Apportionment Factor to Texas (In12)	33.56%	33.56%	33.56%	33.56%	33.56%	33.56%
2	Apportioned Texas Revenues	\$223,625,725	\$43,198,274	\$221,373,854	\$40,154,706	\$193,590,262	\$39,267,369
3	Taxable Percentage of Revenue (70%)	70%	70%	70%	70%	70%	70%
4	Taxable, Apportioned Margin	156,538,008	30,238,792	154,961,698	28,108,294	135,513,183	27,487,158
5	Texas Gross Margin Tax Rate (1%)	1%	1%	1%	1%	1%	1%
6	Texas Gross Margin Tax Expense	1,565,380	302,388	1,549,617	281,083	1,355,132	274,872
7	Gross-up Required for Texas Gross Margin Expense (In 6 * In 3 * In 1)/(1- In 5) * In 5)	3,715	718	3,678	667	3,216	652
8	Total Additional Gross Margin Tax Revenue Requirement	<u>1,569,095</u>	<u>303,106</u>	<u>1,553,295</u>	<u>281,750</u>	<u>1,358,348</u>	<u>275,524</u>
9	WHOLESALE LOAD ALLOCATOR (For Use in Gross Margin Tax Allocator)						
10	Texas Jurisdictional Load	1,257,000	KW				
11	Total Load	3,745,000	KW				
12	Allocation Percentage (In 10 / In 11)	<u>33.56%</u>					

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet L - Taxes Other than Income
SOUTHWESTERN ELECTRIC POWER COMPANY

HISTORIC PERIOD EXPENSE (2012) - TO BE USED ON TRUE-UP TEMPLATE

Line No.	(A) Account	(B) Total Company	(C) Property	(D) Labor	(E) Other	(F) Non-Allocable
1	Revenue Taxes					
2	TX Gross Receipts/OH CAT Tax	4,945,585				4,945,585
3	Real Estate and Personal Property Taxes					
4	Oklahoma Ad Valorum	378,720	378,720			
5	Arkansas Ad Valorum	7,308,184	7,308,184			
6	Louisiana Ad Valorum	15,997,455	15,997,455			
7	Texas Ad Valorum	16,084,960	16,084,960			
8	Payroll Taxes					
9	Federal Insurance Contribution (FICA)	5,615,939		5,615,939		
10	Federal Unemployment Tax	42,655		42,655		
11	State Unemployment Insurance	208,004		208,004		
12	Production Taxes					
13		-				-
14		-				-
15	Miscellaneous Taxes					
16	Federal Excise Tax	2,744				2,744
17	LA State Franchise	3,036,595			3,036,595	
18	DE State Franchise	99,535			99,535	
19	AR State Franchise	114,727			114,727	
20	Ok State Franchise Tax	40,200			40,200	
21	Ok State License	10			10	
22	AR State License	-			-	
23	NE State License	17,060			17,060	
24	DE State License	126			126	
25	LA State License	30			30	
26	AR Local Franchise	-			-	
27	TX Local Franchise	9,269,642			9,269,642	
28	TX State Franchise	-			-	
29	LA Local Franchise	7,466,329			7,466,329	
30	AR Sales & Use Tax	(9)			(9)	
31	LA Sales & Use Tax	(273)				(273)
32	NE Sales & Use Tax	-				-
33	Ok Sales & Use Tax	(13)				(13)
34	TX Sales & Use Tax	100,354				100,354
35	TX PUC	806,436			806,436	
36	LA Insp & Cntrl Fees	314,142			314,142	
37	TX Misc Tax	(564,001)			(564,001)	
38	LA Misc Tax	81,800			81,800	
39	AR PUC	644,025			644,025	
40	VA Misc Tax	155			155	
41	Total Taxes by Allocable Basis (Total Company Amount Ties to FFI p.114, Ln 14,(c))	72,011,116 72,011,116	39,769,319	5,866,598	21,326,802	5,048,397

AEP West SPP Member Companies
 Cost of Service Formula Rate Using 2012 FF1 Balances
Worksheet M - Cost of Debt Based on Outstanding Balances as of 12/31/2012
SOUTHWESTERN ELECTRIC POWER COMPANY

(A)	(B)	(C)	(D)	(E)
<u>Issuance</u>	<u>Principle Amount</u> FF1.p. 257.x (h)	<u>Interest Rate</u>	<u>Annual Expense</u>	<u>Notes</u>
<u>Long Term Debt (FF1.p. 256-257.h)</u>				
1 <u>Affiliated Notes Payable</u>				
2 <u>None</u>			-	
3			-	
4 <u>Pollution Control Bonds</u>				
5 <u>PCRB - Parish of DeSoto, LA - Series 2010</u>	53,500,000	3.25%	1,738,750	p257 L8(h)
6 <u>PCRB - Sabine River - Series 2006 - 4.95%</u>	81,700,000	4.95%	4,044,150	p257 L17(h)
7			-	
8 <u>Senior Unsecured Notes</u>				
9 <u>Senior Unsecured Notes - Series C</u>	100,000,000	5.375%	5,375,000	p257 L11(h)
10 <u>Senior Unsecured Notes - Series D</u>	150,000,000	4.90%	7,350,000	p257 L14(h)
11 <u>Senior Unsecured Notes - Series E</u>	250,000,000	5.55%	13,875,000	p257 L20(h)
12 <u>Senior Unsecured Notes - Series F</u>	300,000,000	5.875%	17,625,000	p257 L25(h)
13 <u>Senior Unsecured Notes - Series G</u>	400,000,000	6.45%	25,800,000	p257 L28(h)
14 <u>Senior Unsecured Notes - Series H</u>	350,000,000	6.20%	21,700,000	p257.1 L3(h)
15 <u>Senior Unsecured Notes - Series I</u>	275,000,000	3.55%	9,762,500	p257.1 L5(h)
<u>Issuance Discount, Premium, & Expenses:</u>				
16 <u>Financial Hedges & Auction Fees</u>	FF1.p.256 & 257.i Lines Described as Hedges or Fees		3,303,277	p257.1,Ln8 p257,Ln23
17 <u>Amort of Debt Discount and Expenses</u>	FF1.p. 117.63.c (or WS-N Ln 15)		1,951,581	
18 <u>Less: Amor of Debt Premiums</u>	FF1.p. 117.65.c (or WS-N Ln 17)		-	
<u>Reacquired Debt:</u>				
19 <u>Amortization of Loss</u>	FF1.p. 117.64.c (or WS-N Ln 16)		1,389,580	
20 <u>Less: Amortization of Gain</u>	FF1.p. 117.66.c (or WS-N Ln 18)		237,408	
21 Total Interest on Long Term Debt	1,960,200,000	5.80%	113,677,430	
<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 2012 FF1 Balances
 SOUTHWESTERN ELECTRIC POWER COMPANY

Calculation of Capital Structure and Weighted Average Cost of Capital Based on Average of Balances At 12/31/2011 and 12/31/2012

(A)	(B)	(C)	(D)	(E)
Line		<u>Balances @</u> <u>12/31/2012</u>	<u>Balances @</u> <u>12/31/2011</u>	<u>Average</u>
<u>Development of Average Balance of Common Equity</u>				
1	Total Proprietary Capital (p. 112.16.c&d)	2,021,211,699	1,813,365,524	1,917,288,612
2	Less Preferred Stock from Ln 46 below	0	0	-
3	Less Account 216.1 (p. 112.12.c&d)	19,193,896	16,684,595	17,939,246
4	Less Account 219.1 (p. 112.15.c&d)	(17,862,454)	(26,817,142)	(22,339,798)
5	Average Balance of Common Equity	2,019,880,257	1,823,498,071	1,921,689,164
<u>Development of Cost of Long Term Debt Based on Average Outstanding Balance</u>				
6	Bonds (221) (p. 112.18.c&d)	-	-	-
7	Less: Reacquired Bonds (222) (p. 112.19.c&d)	-	-	-
8	Advances from Assoc. Companies (223) (p112.20.c&d)	-	-	-
9	Senior Unsecured Notes (224) (p. 112.21.c&d)	1,960,200,000	1,685,200,000	1,822,700,000
10	Total Average Debt	1,960,200,000	1,685,200,000	1,822,700,000
11	Annual Interest Expense for 2012			
12	Coupon Interest on Long Term Debt (256-257.33.i)			109,705,899
13	Less: Financial Hedge (Gain)/Expense from Ln 26 Included in Ln 12			3,303,277
14	Plus: Allowed Hedge Recovery from Ln 30 below			1,872,195
15	Amort of Debt Discount & Expense (428) (p. 117.63.c)			1,951,581
16	Amort of Loss on Reacquired Debt (428.1) (p. 117.64.c)			1,389,580
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)			237,408
19	Total Interest Expense (Ln 12 - Ln 13 + Ln 14 + Ln 15 + Ln 16 - Ln 17 - Ln 18)			111,378,570
20	Average Cost of Debt for 2013 (Ln 19/Ln 10)			6.11%
21	Financial Hedge Amortization Reported in Column (i) on Page 256-257			
22	SUN Series I 3.55% Financial Hedge (p257.1/Ln8)			2,028,266
23	SUN Series 5.55% Financial Hedge (p257/Ln23)			1,275,011
24				
25				
26	Total Hedge Amortization			3,303,277
27	Total Average Capital Balance for 2012 (Actual TCOS, Ln 137)			3,744,389,164
28	Financial Hedge Recovery Limit - Five Basis Points of Total Capital			0.0005
29	Limit of Recoverable (Gain)/Expense Amount			1,872,195
30	Recoverable Hedge Amortization			1,872,195
	<i>(lessor of 5 basis point Cap or Actual (Gain)/Expense based on magnitude as indicated on Ln 26 or Ln 29)</i>			
<u>Development of Cost of Preferred Stock</u>				
	Preferred Stock			Average
31	0% Series - - Dividend Rate (p. 250-251. 10.a)			
32	0% Series - - Par Value (p. 250-251. 10.c)			
33	0% Series - - Shares O/S (p.250-251. 10.e)			
34	0% Series - - Monetary Value (Ln 32 * Ln 33)	-	-	-
35	0% Series - - Dividend Amount (Ln 31 * Ln 34)	-	-	-
36	0% Series - - Dividend Rate (p. 250-251. 9.a)			
37	0% Series - - Par Value (p. 250-251. 9.c)			
38	0% Series - - Shares O/S (p.250-251. 9.e)			
39	0% Series - - Monetary Value (Ln 37 * Ln 38)	-	-	-
40	0% Series - - Dividend Amount (Ln 36 * Ln 39)	-	-	-
41	0% Series - - Dividend Rate (p. 250-251. 8.a)			
42	0% Series - - Par Value (p. 250-251. 8.c)			
43	0% Series - - Shares O/S (p.250-251. 8.e)			
44	0% Series - - Monetary Value (Ln 42 * Ln 43)	-	-	-
45	0% Series - - Dividend Amount (Ln 41 * Ln 44)	-	-	-
46	Balance of Preferred Stock (Lns 34, 39, 44)	-	-	-
47	Dividens on Preferred Stock (Lns 35, 40, 45)	-	-	-
48	Average Cost of Preferred Stock (Ln 47/46)	0.00%	0.00%	0.00%