



415 N. McKinley, 140 Plaza West
Little Rock, AR 72205-3020
501-614-3356 • Fax: (501) 666-0376
John E. Mills
Manager, Tariff Studies

October 11, 2006

Mr. Tim Hostetler
American Electric Power
212 E. 6th Street
Tulsa, OK 74119

RE: Transmission System Upgrade Authorization for Transmission Service Requests 971951, 974790, 974791, 974793, and 974797

Dear Mr. Hostetler:

Southwest Power Pool has received Long Term Firm Point-to-Point Transmission Service agreements executed by Xcel Energy and Western Farmers Electric Cooperative for the above noted transmission service requests. In the facility study conducted in the assessment of these requests, SPP concluded that system upgrades are required on the AEP transmission system as detailed in Aggregate Facility Study SPP-2005-AG2-AFS-3. SPP has received appropriate security from the customer for the facility upgrades. Therefore, SPP authorizes AEP to construct those upgrades to the transmission system concluded in the Facility Study to be necessary to provide the requested transmission service.

SPP authorizes AEP to add 345kV line terminal equipment at Valliant on the Hugo Power Plant – Valliant 345kV facility on or before May 1, 2010 and replace the Snyder Wavetrap on the Cache-Snyder 138kV facility on or before June 1, 2008.

AEP shall submit certification of commercial operation of each of the listed Network Upgrades to SPP as soon as the upgrades are completed and in service.

Consistent with Section 20.1 of the SPP Tariff, please keep SPP advised of any inability on AEP's part to complete the upgrades in time to provide the committed service. Provide SPP with the construction schedule supporting the required upgrade noted above within 30 days of receipt of this Transmission System Upgrade Authorization letter. Based on this schedule, SPP will require updates to the schedule for schedule status.

Please provide SPP with the actual costs of these upgrades as soon as possible after the completion of construction. This will permit SPP to true up billing to actual costs on a timely basis.

Don't hesitate to contact me if you have questions.

Sincerely,

A handwritten signature in blue ink that reads 'John E. Mills'. The signature is fluid and cursive, written over a white background.

John E. Mills
Manager, Tariff Studies

cc: P. Bourne, L. Dillahunty, J. Caspary, J. Rooker, Brent Wilson-AEP, Scott Rainbolt-AEP



Lighting the past... powering the future.