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John E. Mills  
Manager, Tariff Studies

March 31, 2006

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

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

Dear Mr. Hostetler:

Southwest Power Pool has received a Long Term Firm Point-to-Point Transmission Service agreement executed by Xcel Energy for 200 MW of transmission service from Central and Southwest Services (CSWS) to Southwestern Public Service Company (SPS) for the period from January 1, 2007 to January 1, 2012. This agreement enables service reserved under Transmission Service Requests 974790, 974791, 974793, and 974797. 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 replace the Okmulgee wavetrap on the East Central Henryetta - Okmulgee 138kV line by December 1, 2006 and replace the Weleetka Wavetrap on the East Central Henryetta- Weleetka 138kv line by June 1, 2007.

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.

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,

John E. Mills  
Manager, Tariff Studies

cc: P. Bourne, L. Dillahunty