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John E. Mills  
Manager, Tariff Studies

June 27, 2007

Ms. Terri Gallup  
American Electric Power  
212 E. 6th Street  
Tulsa, OK 74119

**RE: Revision #1 for Transmission System Upgrade Authorization for Transmission Service Requests  
1087757**

Dear Ms. Gallup:

Southwest Power Pool has filed a Service Agreement for Network Integration Transmission Service unexecuted by American Electric Power Service Corporation 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-2006-AG2-AFS-4.

SPP authorizes AEP to construct the following network upgrades required for this transmission service request:

1. Replace four 138kV breakers, ten switches, reset relays and CT's at the Southwest Shreveport Substation due to impacts on the Southwest Shreveport 345/138kV transformers Ckt. 1 and Ckt. 2 facilities required by June 1, 2010.

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. 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.

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.

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

Sincerely,

A handwritten signature in blue ink that reads 'John E. Mills'.

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.*