



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

John E. Mills
Manager, Tariff Studies

March 9, 2006

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

RE: Transmission System Upgrade Authorization for Transmission Service Requests 1170358, 1194917 and 1194918

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-2005-AG1-AFS-2, and SPP-2006-AG1-AFS-4.

SPP authorizes AEP to construct the following expansion plan upgrades impacting these transmission service requests: Replace the wavetramp at Knox Lee Substation on the Knox-Lee-Oak Hill #2 138kV facility on or before June 1, 2007 and reconductor approximately 2.1 miles of 666 ACSR with 1272 ACSR of the Linwood - McWillie St. 138 kV circuit #1 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. 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.