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John E. Mills
Manager, Tariff Studies

January 2, 2007

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

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

Dear Ms. Gallup:

Southwest Power Pool has filed Network Integrated Transmission Service agreements for the above noted transmission service requests. In the facility study conducted in the assessment of this request, SPP concluded that system upgrades are required on the AEP transmission system as detailed in Aggregate Facility Study SPP-2006-AG1-AFS-4. 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 five 138kV switches at Bann and one at Alumax Tap, rebuild .67 miles of 1024 ACAR with 2156 ACSR, replace wave trap and jumpers at Bann, and replace a breaker at Bann substation due to impacts on the Alumax Tap – Bann 138kV facility required by June 1, 2008.

SPP authorizes AEP to reset relays due to impacts on the Bann-NW Texarkana-Bann Tap 138kV facility required by June 1, 2012.

SPP authorizes AEP to reset relays @ 36th and Lewis due to impacts on the 36th & Lewis-52nd & Delaware Tap 138kV facility required by June 1, 2016.

AEP shall submit certificate of commercial operation of the listed Network Upgrade to SPP as soon as the upgrade is 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 quarterly updates to the 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