

**CASH WORKING CAPITAL
WORKPAPERS**

000051

DOCKET NUMBER 33309 COMPANY NAME AEP TEXAS CENTRAL COMPANY TEST YEAR END 30-Jun-06	Schedule VI Cash Working Capital

000052

AEP - TCC TRANSMISSION
O&M (LEAD/LAG DAYS)
TEST YEAR ENDING JUNE 30, 2006

Description	Amount	Total (Lead)/Lag Days	Weighted Dollar Days
Payroll	\$4,275,811	(21.25)	(90,860,984)
Incentive Award (CIP)	221,557	(257.65)	(57,084,161)
Safety Award	75,928	(100.40)	(7,623,171)
Labor Including Awards	\$4,573,296	(34.02)	(155,568,316)
Other O&M	\$14,937,530	(41.83)	(\$624,491,265)
Total O&M	\$19,510,826	(39.98)	(780,059,581)

AEP- TCC Transmission
Other O&M
Test Year Ending June 30, 2006

Description	Amount	Total (Lead)/Lag Days	Weighted Dollar Days
Service Corp & Interco Billing	\$10,512,352	(45.50)	(478,312,016)
Third Party - checks	2,237,259	(33.79)	(75,596,982)
Third Party - EFT & Wires	2,187,919	(32.26)	(70,582,267)
Subtotal Other O&M	\$14,937,530	(41.81)	(\$624,491,265)
Adjustment for payments before due date		0.02	
Total O&M Lead Days		(41.83)	

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AEP - TCC DISTRIBUTION
O&M (LEAD)/LAG DAYS
TEST YEAR ENDIND JUNE 30, 2006

Description	Amount	Total (Lead)/Lag Days	Weighted Dollar Days
Payroll	\$36,108,093	(22.10)	(797,988,855)
Incentive Award (CIP)	2,432,291	(258.91)	(629,744,463)
Safety Award	<u>514,284</u>	(100.16)	<u>(51,510,685)</u>
Labor Including Awards	\$39,054,668	(37.88)	(1,479,244,004)
Other O&M	\$86,996,380	(42.14)	(\$3,571,021,328)
Total O&M	<u>\$126,051,048</u>	(40.07)	<u>(5,050,265,332)</u>

AEP- TCC Distribution
Other O&M
Test Year Ending June 30, 2006

Description	Amount	Total (Lead)/Lag Days	Weighted Dollar Days
Service Corp & Interco Billing	\$62,316,080	(45.50)	(2,835,381,640)
Third Party - checks	8,409,669	(32.78)	(275,668,950)
Third Party - EFT & Wires	<u>16,270,631</u>	(28.27)	<u>(459,970,738)</u>
Subtotal Other O&M	\$86,996,380	(41.05)	(\$3,571,021,328)
Adjustment for payments before due date		<u>0.09</u>	
Total O&M Lead Days		(42.14)	

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**AEP - TCC DISTRIBUTION
LEAD/LAG STUDY RESULTS
FOR THE TEST YEAR ENDED JUNE 30, 2006**

Line No.	Description (a)	Adjusted Test Year Amount (b)	Prepayments	Avg. Daily Expense (c)	Revenue Lag Days (d)	Expense Lead Days (e)	Net (Lead)/Lag (f)	Working Capital Requirement (g)
1	Operation & Maintenance Expense	\$ 236,136,436	\$ 1,971,836	\$641,547	50.920	(27.140)	23.780	\$15,255,984
2								
3	Federal Income Taxes							
4	Current	19,823,819		54,312	50.920	(38.000)	12.920	701,709
5	Deferred	2,085,674		5,714	-	-	-	-
6	Total FIT	21,909,492	-					701,709
7								
8	Taxes Other Than Income Taxes	65,648,324	5,150,028	165,749	50.920	(81.120)	(30.200)	(5,005,612)
9								
10	Depreciation Expense	61,560,580		168,659	-	-	-	-
11								
12	Return	81,141,219		222,305	-	-	-	0
13								
14								
15		\$ 466,396,051	\$ 7,121,864					\$ 10,952,081
16								0
17	Average Daily Bank Balances							(506,563)
18	Working Funds and Other							\$ 10,445,518
19								
20								

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**AEP - TCC TRANSMISSION
LEAD/LAG STUDY RESULTS
FOR THE TEST YEAR ENDED JUNE 30, 2006**

Line No.	Description (a)	Adjusted Test Year Amount (b)	Prepayments	Avg. Daily Expense (c)	Revenue Lag Days (d)	Expense Lead Days (e)	Net (Lead)/Lag (f)	Working Capital Requirement (g)
1								
2	Operation & Maintenance Expense	\$ 25,330,153	\$ 344,505	\$68,454	44.490	(25.720)	18.770	\$1,284,878
3								
4	Federal Income Taxes							
5	Current	9,252,390		25,349	44.490	(38.000)	6.490	164,515
6	Deferred	3,874,855		10,616	0.000	0.000	0.000	0
7	Total FIT	13,127,245						164,515
8								
9	Taxes Other Than Income Taxes	14,691,850	591,172	38,632	44.490	(176.890)	(132.400)	(5,114,876)
10								
11	Depreciation Expense	16,050,664		43,974	0.000	0.000	0.000	0
12								
13	Return	47,144,247		129,162	0.000	0.000	0.000	0
14								
15		<u>\$ 116,344,159</u>	<u>\$ 935,677</u>					<u>\$ (3,665,482)</u>
16								
17	Average Daily Bank Balances							0
18	Working Funds and Other							(174,540)
19								
20								<u>\$ (3,840,022)</u>

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FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT

Line No.	Description (a)	Revenue Lag Days * (b)	Expense Lead Days (c)	Reference (d)
1				
2	Operation & Maintenance Expense	44.490	(25.720)	WP/B-9-T/2
3				
4	Federal Income Taxes			
5	Current	44.490	(38.000)	WP/B-9-T/3
6	Deferred	0.000	0.000	N/A
7	Total FIT			
8				
9	Taxes Other Than Income Taxes	44.490	(176.890)	WP/B-9-T/4
10				
11	Depreciation Expense	0.000	0.000	N/A
12				
13	Return	0.000	0.000	N/A
14				
15				
16				
17	Average Daily Bank Balances	\$	-	N/A
18	Working Funds and Other		(174,540)	WP/B-9-T/5
19				
20	Prepayments - O&M **	\$	344,505	
21	Prepayments - Taxes O/T Income ***		591,172	
22				
23	Sources:			
24				
25				

* WP/B-9-T/1

** ICC Prepaids TYE 06-30-2006.xls

** TCC-TNC-PSQ Prepaid Taxes TYE 06-30-2006.xls

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**AEP - TCC TRANSMISSION
OTHER O&M
FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT**

Line No.	(a)	Amount (b)	Total (Lead)/Lag Days (c)	Reference (d)	Weighted Dollar Days (e)
1	AEP Service Corp Billing	\$ 10,512,352	(19.00)	WP/B-9-T/2-4-1	\$ (199,721,729)
2					
3	Third Party - Checks	2,237,259	(33.79)	WP/B-9-T/2-4-2	(75,592,780)
4					
5	Third Party - EFT & Wires	2,187,919	(32.26)	WP/B-9-T/2-4-3	(70,590,555)
6					
7	Total Other O&M	<u>\$ 14,937,530</u>	(23.16)		<u>\$ (345,905,065)</u>
8					
9	Adjustment for payments before due date *		(0.02)		
10					
11	Total O&M Lead Days		(23.18)		
12					
13	* Source:				

TCC-TNC AP Lead Lag Sampling.xls

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**AEP - TCC TRANSMISSION
O&M (LEAD)/LAG DAYS
FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT**

Line No.	Description (a)	Amount (b)	Total (Lead)/Lag Days (c)	Reference (d)	Weighted Dollar Days (e)
1	Payroll				
2	Incentive Award (CIP)	\$ 4,275,811	(21.25)	WP/B-9-T/2-1	\$ (90,860,989)
3	Safety Award	221,557	(257.65)	WP/B-9-T/2-2	(57,084,223)
4	Labor Including Awards	75,928	(100.40)	WP/B-9-T/2-3	(7,623,142)
5		\$ 4,573,296	(34.02)		\$ (155,568,354)
6	Other O&M	14,937,530	(23.18)	WP/B-9-T/2-4	\$ (346,251,942)
7					
8	Total O&M	\$ 19,510,826	(25.72)		\$ (501,820,296)

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**AEP - TCC TRANSMISSION
TEXAS FRANCHISE TAX PAID BY WIRE
FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT**

Line No.	Beginning of Period Date (a)	Ending of Period Date (b)	Date Paid (c)	Mid-Year (d)	(Lead)/Lag (e)	Amount Paid (f)	Weighted Lead (g)
1							
2	01-01-05	12-31-05	05-16-05	07-01-05	46.00	\$ 500,000.00	\$ 23,000,000.00
3	01-01-05	12-31-05	08-15-05	07-01-05	(45.00)	400,000.00	(18,000,000.00)
4	01-01-05	12-31-05	01-13-06	07-01-05	(196.00)	61,259.00	(12,006,764.00)
5							
6							
7							
8	Total					<u>\$ 961,259.00</u>	<u>\$ (7,006,764.00)</u>
9							
10	Average Lead				<u>(7.29)</u>		
11							
12							
13	Source:						

2005 TCC State Franchise Tax Return.pdf

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**AEP - TCC TRANSMISSION
TAXES OTHER THAN INCOME-AD VALOREM
FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT**

Line No.	Payment Date	Tax Year	Payment	Mid-Year	(Lead)/Lag	Weighted Dollar Days
	(a)	(b)	(c)	(d)	(e)	(f)
1	10/15/05	2005	\$ 580,589.78	7/1/2005	(106.00)	\$ (61,542,516.68)
2	11/15/05	2005	1,952,184.30	7/1/2005	(137.00)	(267,449,249.10)
3	01/15/06	2005	9,160,202.53	7/1/2005	(198.00)	(1,813,720,100.94)
4						
5	Total		<u>\$ 11,692,976.61</u>		<u>(183.25)</u>	<u>\$ (2,142,711,866.72)</u>
6						
7	Check Float from		WP/B-9-T/2-4-2		(7.07)	
8						
9	Ad Valorem				<u>(190.32)</u>	
10						
11	Source:	<u>Lead Lag Study.xls</u>				

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**AEP - TCC DISTRIBUTION
LEAD/LAG STUDY RESULTS
FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT**

Line No.	Description (a)	Revenue Lag Days * (b)	Expense Lead Days (c)	Reference (d)
1				
2	Operation & Maintenance Expense	50.920	(27.140)	WP/B-9-D/2
3				
4	Federal Income Taxes			
5	Current	50.920	(38.000)	WP/B-9-D/3
6	Deferred	0.000	0.000	N/A
7	Total FIT			
8				
9	Taxes Other Than Income Taxes	50.920	(81.120)	WP/B-9-D/4
10				
11	Depreciation Expense	0.000	0.000	N/A
12				
13	Return	0.000	0.000	N/A
14				
15				
16				
17	Average Daily Bank Balances		\$ -	N/A
18	Working Funds and Other		(506,563)	WP/B-9-D/5
19				
20	Prepayments - O&M **		\$ 1,971,836	
21	Prepayments - Taxes O/T Income ***		5,150,028	
22				
23	Sources:			
24				
25				

* WP/B-9-D/1

** ICC Prepays TYE 06-30-2006.xls

** TCC-TNC-PSO Prepaid Taxes TYE 06-30-2006.xls

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**AEP - TCC DISTRIBUTION
OTHER O&M
FOR THE TEST YEAR ENDED JUNE 30, 2006
SPONSOR: R. W. HAMLETT**

Line No.	(a)	Amount (b)	Total (Lead)/Lag Days (c)	Reference (d)	Weighted Dollar Days (e)
1	AEP Service Corp Billing	\$ 62,316,080	(19.23)	WP/B-9-D/2-4-1	\$ (1,198,333,367)
2					
3	Third Party - Checks	8,409,669	(32.78)	WP/B-9-D/2-4-2	(275,701,859)
4					
5	Third Party - EFT & Wires	16,270,631	(28.27)	WP/B-9-D/2-4-3	(459,903,674)
6					
7	Subtotal Other O&M	<u>\$ 86,996,380</u>	(22.23)		<u>\$ (1,933,938,901)</u>
8					
9	Adjustment for payments before due date *		<u>(0.09)</u>		
10					
11	Total O&M Lead Days		<u>(22.32)</u>		
12					
13	* Source:	<u>TCC-TNC AP Lead Lag Sampling.xls</u>			

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SERVICE AGREEMENT

SERVICE AGREEMENT, made as of the 15th day of June, 2000, between
American Electric Power Service Corporation, a New York corporation ("Service Corporation")
American Electric Power and Light Company, a Texas corporation ("Client").

WITNESSETH:

WHEREAS, both Service Corporation and Client are associate companies in the
American Electric Power System (the "AEP System"), which is comprised of American Electric
Power Company, Inc. ("American") and its subsidiary companies; and

WHEREAS, Service Corporation is a wholly-owned subsidiary of American and is
approved by the Securities and Exchange Commission (the "Commission") as a subsidiary
service company pursuant to the provisions of Section 13 of the Public Utility Holding Company
Act of 1935, as amended (the "1935 Act"); and

WHEREAS, Service Corporation maintains an organization of employees who are
experienced in the operations of public utilities and related businesses, together with appropriate
facilities and equipment, through which it is prepared to provide various management,
administrative, financial, technical and other services, as hereinafter provided, to Client and to
other member companies in the AEP System (Client, together with such other member
companies, are hereinafter referred to collectively as "Clients"); and

WHEREAS, such services will be rendered at cost, determined in accordance with the
applicable rules and regulations of the Commission under the 1935 Act, and the allocation of
such costs among Clients will be made in accordance with the authority granted by the
Commission in HCAR No. 27186 in File No. 70-9381 (June 14, 2000);

NOW, THEREFORE, in consideration of the premises and of the mutual agreements
herein contained, Service Corporation and Client hereby agree as follows:

1. Agreement to Provide Services. Service Corporation agrees to provide to Client
from time to time, upon the terms and conditions hereinafter set forth, such of the following
services as may properly be rendered by Service Corporation to Client (within the meaning and
intent of the 1935 Act and any other applicable statutes and the orders, rules and regulations of
the Commission and any other governmental bodies having jurisdiction) at such times, for such
periods and in such manner as Client may from time to time require and which Service
Corporation is equipped to perform:

(a) Consultation, analysis, advice and performance of services in connection
with matters relating to operations, management, financing and financial planning,
engineering, system planning, law, corporate communications, corporate development,
energy production, energy delivery and pricing, environmental requirements, marketing,
governmental and general business problems or questions;

(b) Consultation, analysis, advice and performance of services in connection with human relations and employee benefit plans;

(c) Tax services relating to the preparation and filing of returns for federal, state and local taxes, including consolidated tax returns;

(d) Assistance in connection with any audits of such tax returns by Internal Revenue Service and other taxing bodies or authorities;

(e) Consultation, analysis, advice and performance of services in connection with accounting matters and financial reporting; and

(f) Electronic data processing services, including establishing and operating a data processing center, processing of customer billings, revenues and statistics, payrolls, property accounting, general accounting, cash forecasts, load flow studies, and various other business and engineering applications as may from time to time be in the best interest of Client.

Service Corporation will render all services performed under this Service Agreement at cost, determined in accordance with Rule 91 of the Rules and Regulations of the Commission.

Service Corporation will also provide Client with such other services, in addition to those specified above, as may be requested by Client and which Service Corporation concludes it is equipped to perform. In providing such services, Service Corporation may arrange, where it deems appropriate, for the services of experts, consultants, advisers and other persons with necessary qualifications as are required for or pertinent to the rendition of such services.

2. Agreement to Take Services. Client agrees to take from Service Corporation such of the services described in Section 1 hereof and such additional general and special services, whether or not now contemplated, as are requested from time to time by Client and which Service Corporation is equipped to perform.

3. Compensation and Allocation. As compensation for the services to be rendered hereunder, Client agrees to pay to Service Corporation all costs which reasonably can be identified and related to particular transactions or services performed by Service Corporation on Client's behalf. Where more than one Client is involved in or has received benefits from a transaction or service performed, costs will be allocated and billed among such Clients on the basis most directly related to the transaction or service performed. Allocated costs will be billed using appropriate attribution bases as authorized by the Commission.

As soon as practicable after the close of each month, Service Corporation shall render a monthly statement to Client which shall reflect the billing information necessary to identify the costs and allocations made and charged for that month. Client agrees to remit to Service Corporation all charges billed to Client within 30 days after receipt of the monthly statement.

SOAH DOCKET NO. 473-07-0833
PUC DOCKET NO. 33309

APPLICATION OF AEP TEXAS
CENTRAL COMPANY FOR
AUTHORITY TO CHANGE RATES

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BEFORE THE
PUBLIC UTILITY COMMISSION
OF TEXAS

AEP TEXAS CENTRAL COMPANY'S RESPONSE TO
CITIES' TWENTY-THIRD REQUEST FOR INFORMATION

Question No. GT23-3:

(Transmission Lead Lag Study Tab 2-4-1) Provide the date the monthly statement was provided to TCC Transmission by AEPSC for each month of the test year.

Response No. GT23-3:

Month Submitted

July, 2005	8/3/2005
Aug, 2005	9/6/2005
Sept, 2005	10/6/2005
Oct, 2005	11/7/2005
Nov, 2005	12/6/2005
Dec, 2005	1/5/2006
Jan, 2006	2/6/2006
Feb, 2006	3/3/2006
Mar, 2006	4/6/2006
Apr, 2006	5/3/2006
May, 2006	6/5/2006
Jun, 2006	7/6/2006

Prepared By: David M. Erkin
Sponsored By: Randall W. Hamlett

Title: Accounting Analyst Sr
Title: Director, Regulatory Acctg
Srvcs

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