



SUBJECT: AEP West Operating Companies' and West Transmission Companies' 2019 Formula Rate True-up (Filed May 26, 2002) Discovery Responses to Joint Interveners Set 2.

Because of their voluminous nature, attachments referenced in these responses will be provided based on an emailed request. Requests for attachments deemed confidential will require execution of a non-disclosure agreement prior to being provided.

Requests can be sent to:

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**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-1:

GENERAL - In reference to SWEPCO's Worksheet D, line 10, please explain in detail what are the prepaid pension benefits and how these prepaid pension benefits were created.

Response:

The prepaid pension balance is the accumulation of contributions into the Qualified Pension trust offset by the actuarially determined pension cost.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-2:

ALL OPCos and TRANCos - For each AEP West OpCo and TransCo, please provide a list of all debits and credits to FERC Account No. 184 and quantify by FERC Account Number the offsetting charges for each debit and credit to FERC Account No. 184 during 2019.

Response:

Please see 2-2 Attachment 1 West TransCo.xlsx and 2-2 Attachment 2 West OpCos Acct 184 for the requested information.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-3:

PSO - In relation to the treatment of abandoned, cancelled, or postponed capital projects, please:

- a. Explain PSO's accounting policies with respect to the treatment of abandoned, cancelled, or postponed capital projects, including the list of accounts to which PSO writes off such costs.
- b. Provide a list of all charges that PSO credited to FERC Account No. 107 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) for abandoned, cancelled, or postponed CWIP projects during 2019.
- c. Provide a list of all charges that PSO credited to FERC Account No. 183 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) during 2019 and indicate if PSO incurred such costs pursuant to mandates from regulatory bodies related to plant in service.
- d. Provide a list of all charges that PSO credited to FERC Account No. 186 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) during 2019.

Response:

- a.) Once a project is cancelled or does not move forward, the costs incurred to date are recorded to the appropriate account.
- b-d.) The Company does not keep track of this information in its accounting system. However, if the costs of a project were incurred to Account 107, Account 183 or Account 186 and later expensed because a project was cancelled or did not move forward, the costs incurred to that point would have been recorded to the appropriate functional expense account.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-4:

OKTCO - In relation to the treatment of abandoned, cancelled, or postponed capital projects, please:

- a. Explain OKT's accounting policies with respect to the treatment of abandoned, cancelled, or postponed capital projects, including the list of accounts to which OKT writes off such costs.
- b. Provide a list of all charges that OKT credited to FERC Account No. 107 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) for abandoned, cancelled, or postponed CWIP projects during 2019.
- c. Provide a list of all charges that OKT credited to FERC Account No. 183 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) during 2019 and indicate if OKT incurred such costs pursuant to mandates from regulatory bodies related to plant in service.
- d. Provide a list of all charges that OKT credited to FERC Account No. 186 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) during 2019.

Response:

- a.) Once a project is cancelled or does not move forward, the costs incurred to date are recorded to the appropriate account.
- b-d.) The Company does not keep track of this information in its accounting system. However, if the costs of a project were incurred to Account 107, Account 183 or Account 186 and later expensed because a project was cancelled or did not move forward, the costs incurred to that point would have been recorded to the appropriate functional expense account.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-5:

SWPTCO - In relation to the treatment of abandoned, cancelled, or postponed capital projects, please:

- a. Explain SWT's accounting policies with respect to the treatment of abandoned, cancelled, or postponed capital projects, including the list of accounts to which SWT writes off such costs.
- b. Provide a list of all charges that SWT credited to FERC Account No. 107 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) for abandoned, cancelled, or postponed CWIP projects during 2019. ,
- c. Provide a list of all charges that SWT credited to FERC Account No. 183 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) during 2019 and indicate if SWT incurred such costs pursuant to mandates from regulatory bodies related to plant in service.
- d. Provide a list of all charges that SWT credited to FERC Account No. 186 (with the amounts of each credit specified) and the offsetting debits (with the FERC Account Number and amounts of each debit specified) during 2019.

Response:

- a.) Once a project is cancelled or does not move forward, the costs incurred to date are recorded to the appropriate account.
- b-d.) The Company does not keep track of this information in its accounting system. However, if the costs of a project were incurred to Account 107, Account 183 or Account 186 and later expensed because a project was cancelled or did not move forward, the costs incurred to that point would have been recorded to the appropriate functional expense account.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-6:

GENERAL - In reference to AEP's response 1-14d., in a year in which AEP contributes to the trust, please state how often deposits are made into the trust (e.g. monthly, quarterly, yearly).

Response:

Pension contributions are made following ERISA guidelines. Contribution amounts and frequency may vary from year to year.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-7:

ALL OPCos and TRANCos - In reference to AEP's response to 1-17, do the plant in service values for the AEP West OpCos and TransCos reflect the implementation of the Commissions finding and recommendations with respect to AFUDC in Docket No. FA17-1-000 to the extent that such recommendations are relevant for the OpCos and TransCos? If not, when will the OpCos and TransCos expect to implement the Commission's recommendations?

Response:

The AEP West OpCos and Transcos (if applicable) began implementing the Commissions findings and recommendations regarding AFUDC rates effective January 1, 2019. Note the Commissions finding regarding Annual AFUDC rate calculation did not apply to the AEP West OpCos and they continue to calculate AFUDC rates on a monthly basis. By letter orders issued in 1985 and 1995, FERC granted permission which allowed PSO and SWEPCo to calculate the AFUDC rate on a monthly basis instead of annually as specified in Electric Plant Instruction No. 3, Item 17.

Oklahoma Transco and Southwestern Transco (if applicable) began using the annual methodology for calculating AFUDC rates effective January 1, 2019.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-8:

GENERAL - In reference to AEP's response to 1-23, please provide:

- a. A detailed description of what "DPAD" represents and what the acronym stands for.
- b. Any impacts to AEP's ADIT.
- c. Any impacts to AEP's remeasurement of its TCJA calculations.

Response:

The acronym "DPAD" stands for domestic production activities deduction. This deduction was made available to taxpayers under Section 199 of the Internal Revenue Code for years 2004 – 2017. It was intended to offer tax relief for businesses that produce most of their goods or work inside the U.S. rather than overseas. This is a permanent book/tax difference so there are no impacts to AEP's ADIT as a result of this deduction. Because it is permanent and had no ADIT impacts there also were no impacts to AEP remeasurement of excess for TCJA.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-9:

GENERAL - In reference to AEP's response to 1-23, please provide a detailed explanation as to how the following items impacted AEP's (i) ADIT and (ii) remeasurement of its TCJA calculations:

- a. 2014 – Repairs 481(a) increase deduction of \$9.9)M
- b. 2015 – NOL Carryback from 2017 of \$(332)M
- c. 2017 – Hurricane Harvey Casualty loss of \$(206.5)M
- d. 2017 – Mixed Service Cost reduced deduction by \$6M.

Response:

- a. 2014 – Repairs 481(a) increase deduction of \$9.9)M An increase in the deduction creates a larger credit in the 282 Deferred Tax Liability account. This would be remeasured from 35% to 21% causing an increase to the excess regulatory liability.
- b. 2015 – NOL Carryback from 2017 of \$(332)M Utilization of an NOL carried back to 2015 would decrease the Deferred Tax Asset account. This would decrease the regulatory liability due to a decrease in NOL remeasurement as of 12.31.17.
- c. 2017 – Hurricane Harvey Casualty loss of \$(206.5)M The deduction creates a larger credit in the 282 Deferred Tax Liability account. This would be remeasured from 35% to 21% causing an increase to the excess regulatory liability.
- d. 2017 – Mixed Service Cost reduced deduction by \$6M A decrease in the deduction creates a smaller credit in the 282 Deferred Tax Liability account. This would be remeasured from 35% to 21% causing a decrease to the excess regulatory liability.

See 2-9 Attachment 1 for detail of Journal Entries

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-10:

GENERAL - In reference to AEP's response to 1-24, please explain why the OpCos and TransCos record income tax billings from AEPSC to FERC Account No. 923, rather than to FERC Account No. 409.1, and reconcile this explanation with 18 C.F.R. Part 101, General Instruction No. 14.

Response:

The OpCos and TransCos do not owe these taxes to any taxing authority. AEPSC is the legal entity that owes the taxes to the taxing authority, so it is a cost of the Service Company that gets billed out to the AEP affiliates as an administrative cost from AEPSC. General Instruction No. 14 notes transactions of same nature being recorded in appropriate accounts, and since the costs are not of the same nature, due to the affiliates not owing the taxes to the taxing authority, the costs get recorded to Account 923.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-11:

ALL OPCos and TRANCos - In reference to AEP's response to 1-25, please explain why the OpCos and TransCos would record "State Public Service Commission Fee" and "LA Cntrl and Inspec Fees" as taxes other than income taxes in FERC Account No. 408.1, rather than in FERC Account No. 928, and reconcile this explanation with Note A to FERC Account No. 928:

A. This account shall include ... payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

Response:

The AEP companies have consistently recorded commission expenses in account 408, and believe it is appropriate to continue to do so. This position was not flagged during recent audits performed by FERC staff on the books of the American Electric Power Service Corporation or of AEP Ohio Power Company (Dockets FA17-1 and FA17-2, respectively). It has also not been raised as an issue by either the Companies' internal or external auditors. Therefore the Company does not plan to change the accounting for these charges.

Preparer of Response: David B. Weiss

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-12:

ALL OPCos and TRANCos - In reference to AEP's 1-27 Attachment, Excel Row 4222 – 5660010 – GreenHat Settlement, please provide the following:

- a. Provide the rationale for inclusion of Greenhat Settlement amounts in account 5660010 given the fact that AEP West participates in SPP not PJM.
- b. State whether these expenses were Greenhat expenses allocated from an affiliate or service company. If yes, please explain why.
- c. Identify all FERC Account(s) and associated amounts where AEP recorded GreenHat Default amounts for each OPCO and TransCo.
- d. The basis for recording GreenHat Default related costs to any transmission operations and maintenance or administrative and general (e.g. account 566, 923 etc.).
- e. To the extent AEP has recorded GreenHat Default amounts in FERC Account(s) included in the formula rate template, please provide an explanation as to how these expenses relate to wholesale transmission service.
- f. To the extent AEP has not deferred these GreenHat Default costs, please provide an explanation as to why AEP did not defer these costs to Account 186 and requested recovery of these amounts in Account 182.3 – Other Regulatory Assets after receiving approval from FERC for recovery of these costs.
- g. State whether AEP has received FERC approval authorizing recovery of these.
- h. Greenhat Default expenses in the transmission formula rate. If so, please provide any relevant FERC Docket Nos.
- i. If AEP is not seeking to recover these GreenHat Default expenses in the transmission formula rates, please provide where in the transmission formula rate template these expenses were removed.

Response:

The chart of accounts that was provided is inclusive of both the east and west companies. There was no activity related to account 5660010 booked to the West companies.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-13:

PSO - In reference to AEP's response to 1-27 and 1-77 through 1-80, please (i) describe in detail the services performed that earned PSO the revenue recorded to the following subaccount numbers, (ii) provide the full description of any acronym, and (iii) identify what FERC account the underlying asset is recorded associated with such revenues (e.g. office building recorded in Account 390 receives rental revenue from leasing office space) :

- a. 4510001 – Misc Service Rev – Nonaffil
- b. 4540001 – Rent from Elect Property – Af
- c. 4540002 – Rent from Elect Property - NAC
- d. 4540004 – Rent from Elect Prop-ABD-Nonaf
- e. 4540005 – Rent from Elec Prop-Pole Atch
- f. 4560001 – Oth Elect Rev – Affiliated
- g. 4560015 – Other Electric Revenues – ABD
- h. 4560041 – Miscellaneous Revenue-NonAffil.

Response:

Please see answers questions a-h with sub-questions (i), (ii) and (iii) in 2-13 Attachment.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-14:

PSO - In reference to AEP's responses to 1-27 and 1-82 through 1-94, please explain why PSO shows expenses for only one subaccount number for FERC Account Nos. 562, 563, 566, 570, 571, 920, and 924 despite listing multiple subaccount numbers for those account numbers in "1-27_Attachment_1.xlsx," "Accounts" tab.

Response:

The response to 1-27 provide the entire chart of accounts with in the general ledger system available to all AEP Companies.

The subaccounts are available if the operating company wants to use them or they may have been used in the past and are no longer needed but have history attached from a prior period; therefore these accounts are not deleted from the system.

Attached is "2-14 Attachment" which provides the accounts specifically used by PSO for the year ending December 31, 2019.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-15:

PSO - In reference to AEP's responses to 1-27 and 1-84, please provide the transaction-level data that include journal entry descriptions and associated amounts that makes up the amount detailed for Account No. 5660000.

Response:

Please see attachment PSO Query Attachment 1-AECC-ETEC-NTEC questions 2-15 and 2-15 Attachment 1 - Resource Type Definitions for additional Accounting Chatfield detail.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-16:

PSO - In reference to AEP's response to 1-28 and 1-40, please:

- a. Clarify whether AEP includes capital leases in rate base when recorded to classified plant accounts that are included in rate base, e.g., PSO Lease No. 4228.
- b. Explain why AEP records capital lease expense to FERC Account No. 931 instead of FERC Account No. 431

Response:

a. AEP does not include capital leases in the rate base calculation. Capital lease accounts *1011001 Capital Leases* and *1011006 - Amort - Capital Leased Assets* are not included in the totals for FERC pages 204 - 207, which reflect the gross amount of capital expenditures included in rate base.

b. Prior to this presentation change requested by external auditor PWC, all regulated capital lease interest expense was charged to the individual lines of accounting where the lease expense costs were charged for that specific asset. Non regulated capital lease interest expense continues to be charged to 431.

This change for regulated capital lease interest expense was implemented in December 2019. AEP reclassified capital lease interest expense dollars for all of 2019 at that time. Going forward there are journal entries made each month to reclass the regulated capital interest expense charges hitting an income statement account to the 9310005.

Upon further review, as well as additional guidance from Accounting Policy & Research, a determination was made to not reclassify interest expense for amounts not already included within the income statement. Primarily, interest on capital leases charged to CWIP and fuel should follow current process and be included in those balances and included in the related recovery mechanisms. Interest on capital leases charged to the income statement will continue to be classified as interest expense on the income statement. The regulated capital lease interest charges hitting income statement accounts are reclassified to the 9310005.

Fleet leases are subject to the fleet allocation process where the costs are assigned to various capital and expense accounts, based upon the nature of services provided by the users of the fleet assets. Given the large number of fleet leases, the Company has determined it will follow the interest component through the fleet allocation process and reclassify any charges that hit expense to the interest expense account.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-17:

In reference to “1-29_Attachment_1_2019_Summary_CR_DETAILS.xlsx,” “842 Operating 1-29 by Acct” tab, please:

- a. Explain the rationale underlying SWEPCO’s decision to amortize lease expenses to FERC Account No. 107.
- b. Explain why PSO charged \$9,199,058 in lease expense to FERC Account No. 184. PSO & SWEPCO -

Response:

- a. These expenses are for Land Agreements related to transmission laydown yards/storage sites.
- b. Lease expenses for fleet equipment are charged to 1840029 - Fleet Clearing. Costs are allocated out from this account based on where payroll is charged for related employees assigned to the fleet equipment.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-18:

PSO & OKTCO - In reference to AEP's response to 1-31, please indicate whether (and if so, where and how) PSO reflects 100% of the \$256,974 of payments that OKT made to PSO for the joint use of land and land rights payments as revenue credits or expense offsets to transmission customers or, if not, explain why not.

Response:

PSO reflects 100% of the \$256,974 payments from OKT for the joint use of land and land rights as revenue credits. The credit is included in the transmission functional amount shown for account 4540001 in PSO WS H of the formula rate. To substantiate this, please see Attachment 1 in the response to data request 1-118 and trace the amounts back through the linked workpapers included in that attachment. The amount of the credit referenced in this questions is the sum of cells E16 and E17 of the '2019 by BUsum' tab.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-19:

ALL OPCos and TRANCos - In reference to AEP's response to 1-33, please state whether any of these fiber optics are being utilized to support AMI meters or communication equipment – ask what voltage – confirm carrying voice and data rather than electricity – 397 – guidance received from FERC or third-party to record these amounts in transmission or distribution. Verify where the control centers are recorded in GP – if they can't define who is utilizing how much how did they derive the 95/5 split?

Response:

- a. Fiber optic cable costs included in the transmission revenue requirement do not include the costs of fiber optics that support AMI metering.
- b. The fiber optic cables carry voice and data and are not used to transmit electricity. Because these fiber optic assets are used to support the operation of the transmission system, they are recorded in a sub-account of plant account 356. The Company does not define transmission assets strictly by voltage, but also (in the case of lower voltages) by the functional usage of the assets.
- c. The AEP transmission control center located in New Albany Ohio is recorded on Ohio Power Transmission Company's books in plant account 390. There are no other transmission control centers.
- d. The 95/5 split between transmission/distribution usage on these fiber optic assets was based on usage analyses that were prepared on a forward-looking basis at the implementation of the fiber optic program. This was addressed in the customer's data request 2-13 submitted during the review process of the true-up of 2018 costs.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-20:

PSO - In reference to "1-35_Attachment_1.xlsx", "PSO" tab, please describe the following items:

- a. 42626189 CANADIAN COUNTY NATURAL GAS
- b. 42928299 CLINTON NATURAL GAS TAP
- c. 42627440 WEATHERFORD JCT-CANADIAN GAS ROW
- d. 42513491 Station Equipment
- e. 42471809 Station Equipment
- f. 42467106 Station Equipment
- g. 42506110 Station Equipment
- h. 42471068 Station Equipment
- i. 42618942 Poles and Fixtures
- j. 42618924 Poles and Fixtures
- k. TL035707 Poles and Fixtures
- l. TL034649 Poles and Fixtures
- m. TL035429 Poles and Fixtures
- n. 42846445 Poles and Fixtures
- o. 42591990 Poles and Fixtures

Response:

The gl_je_code OAJ266 represents plant transfers from account 107 (CWIP) to account 106 (Construction not classified) . The gl_je_code OAJ267 represents the plant transfers from account 106 to 101 (Electric Plant in Service). Assets are assigned a retirement unit when the work order is closed and charges are moved to account 101. Please refer to the descriptions of the same work orders within the attachment for a description of the activity associated with each work order.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-21:

SWEPCO - In reference to "1-35_Attachment_1.xlsx", "SEP" tab, please describe the following items:

- a. 42155310 Station Equipment
- b. 42155310SWP Station Equipment
- c. 42607236 Station Equipment
- d. 42929861 Station Equipment
- e. 42607236SWP Station Equipment
- f. 42581190 Poles and Fixtures
- g. 42581190SWP Poles and Fixtures
- h. 42155917 Poles and Fixtures
- i. 42896377 Poles and Fixtures
- j. 41617969 Poles and Fixtures
- k. 42141299 Land Right-of-Way

Response:

The gl_je_code OAJ266 represents plant transfers from account 107 (CWIP) to account 106 (Construction not classified) . The gl_je_code OAJ267 represents the plant transfers from account 106 to 101 (Electric Plant in Service). Assets are assigned a retirement unit when the work order is closed and charges are moved to account 101. Please refer to the descriptions of the same work orders within the attachment for a description of the activity associated with each work order.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-22:

OKTCO In reference to “1-35_Attachment_1.xlsx”, “AEP OK Tr” tab, please describe the following items:

- a. 42242674 Station Equipment
- b. 42616449 Station Equipment
- c. 42526065 Station Equipment
- d. 42526136 Station Equipment
- e. 42558150 Station Equipment
- f. 41860072 Poles and Fixtures
- g. 42519759 Poles and Fixtures
- h. 42516386 Poles and Fixtures
- i. 42624373 Poles and Fixtures
- j. 42519760 Poles and Fixtures
- k. 42847020 JE TRANSFER OKTC SPARE 675MVA 345/138KV N.EASTERN 345KV STN
- l. W0031913 FERC 2019 AFUDC Adjustment

Response:

The gl_je_code OAJ266 represents plant transfers from account 107 (CWIP) to account 106 (Construction not classified) . The gl_je_code OAJ267 represents the plant transfers from account 106 to 101 (Electric Plant in Service). Assets are assigned a retirement unit when the work order is closed and charges are moved to account 101. Please refer to the descriptions of the same work orders within the attachment for a description of the activity associated with each work order.

Work order W0031913 was used to temporarily record the impacts of settlement in Docket No. FA 17-1-000.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-23:

SWEPCO - In reference to "1-36_Attachment_1.xlsx", "SWEPCo 1-36" tab, please describe the following items:

- a. 42730141 SEP/TCOM/LIEBERMAN PP TS/NEXT
- b. 42672964 SEPT/TCOM/ATLANTA TS/NEXT GEN
- c. 42672972 SEP/TCOM/UNION STREET SC TS/NE
- d. 42672961 SEPT/TCOM/MARSHALL TS/NEXT GEN
- e. 42672876 SEPT/TCOM/HENDERSON TS/NEXT GE
- f. 42672968 SEP/TCOM/LONGSTREET TS/NEXT GE
- g. 42684436 SE/TCOM/ARSENAL HILL TS/NEXT G

Response:

Each work order is related to the installation of SWEPCO's Next Generation Radio System.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-24:

ALL OPCos and TRANCos - In reference to “1-39_Attachment_1_AECC-ETEC-NTEC_AEPSC.xlsx,” “AEPSC Pivot-Dept” tab, please:

- a. Confirm that AEPSC billed OKT, for non-nuclear generation costs.
- b. Confirm that AEPSC billed OKT, PSO, and SWEPCO for nuclear generation costs.
- c. Explain why OKT, PSO, and SWEPCo recorded “C-suite” costs (e.g., Chief Administrative Officer and Chief Executive Officer) to transmission O&M accounts rather than to A&G accounts.
- d. Explain why OKT, PSO, and SWEPCo recorded Generation costs to transmission O&M accounts.
- e. Explain why OKT, PSO, and SWEPCO recorded External Affairs costs to transmission O&M accounts (rather than to A&G accounts).
- f. Explain why OKT, PSO, and SWEPCO recorded AEP Transmission costs to A&G accounts instead of to transmission O&M accounts.
- g. Explain why OKT, PSO, and SWEPCO recorded Generation costs to A&G accounts.
- h. Explain why OKT, PSO, and AWEPCO recorded Nuclear Generation costs to A&G accounts.

Response:

- a. Confirmed, primarily from Environmental Services that is part of Generation but supports various AEP Affiliates.
- b. Confirmed, primarily from Nuclear Generation personnel that was dedicated to the Corporate Maximo Project that billed to all AEP Affiliates
- c. The supporting functions within these groups can charge to functional accounts rather and A&G, though the occurrences are rare and for limited dollars. However, the majority of Transmission O&M accounts being charged relate to the fixed cost of the Corporate Aircraft flights. The flight charges retain the functional O&M account, but the fixed costs are charged to the CEO roll up department.
- d. See response to part a.
- e. Primarily services from RTO/NERC/Regulatory Issues Management that is part of External Affairs roll up group. Since the support is for the Transmission operations they are charging to these functional O&M accounts rather than A&G.
- f. Primarily from Corporate Safety & Health that is part of Transmission but supports various AEP Affiliates so mostly charged as A&G.
- g. See response to part a.
- h. There were no Nuclear Generation costs to A&G Accounts. Only Capital, which is explained in part b.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-25:

ALL OPCos and TRANCos - In reference to “1-39_Attachment_1_AECC-ETEC-NTEC_AEPSC.xlsx,” “InterCo Pivot Dept & FERC” tab, please:

- a. Explain why OKT, PSO, and SWEPCO recorded AEP Energy Partners, Inc., billings to FERC Account Nos. 920 and 921 instead of below-the-line accounts.
- b. To the extent that AEP considers billings from AEP Energy Partners, Inc., to be appropriately above-the-line for AEP West companies, please explain why such costs are not properly recordable to generation expense accounts or customer/sales accounts.
- c. Explain why AEP Generation Resources billed costs to OKT.

Response:

Intercompany billings from various affiliates, including AEP Energy Partners, Inc. and AEP Generation Resources are typically limited to Corporate wide efforts that bill to All Companies and retains the originally charged account regardless of AEP Affiliate billing the charges.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-26:

ALL OPCos and TRANCos- In reference to AEP's response to 1-43, AEP states that "The monthly allocation from the construction/retirement overhead work orders produce a uniform monthly construction/retirement overhead rate that is applied to all construction/retirement expenditures subject to construction/retirement overheads." In this context, it is not clear to what "rate" AEP is referring. For example, the percentages in the Column, "calc_rate," "1-43 2019 OVHDs" tab in "1-43_Attachment_1_SEND.xlsx" do not appear to be uniform in any obviously discernable fashion. Please explain what AEP means in the quoted sentence above.

Response:

Each general ledger business unit (GLBU) has its own construction and retirement overhead work order. Each month, charges accumulate on these overhead work orders and are cleared monthly to any construction or retirement work orders eligible to receive overheads. The clearing rate (calc_rate) is equal to the charges accumulated on the overhead work order (Cleared amount) divided by the overhead base (base). Since each GLBU has its own construction and retirement overhead work order and monthly overhead base, each GLBU will have its own monthly clearing rate. This clearing rate will be applied consistently for the month and for that GLBU's construction/retirement overhead allocation.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-27:

ALL OPCos and TRANCos - In reference to AEP's response to 1-45, AEP stated that the investments in electric charging stations are recorded in Account 398 – Miscellaneous Equipment and the maintenance to Account 935 – Maintenance of General Plant, please provide the following:

- a. State whether these charging stations are on AEP's property. If not, please state where they are located.
- b. To the extent that AEP received any reimbursements for the installation or continuous use of the charging stations, please (i) identify the entity that AEP received reimbursement/ revenues from, (ii) the associated amounts and (iii) the FERC accounts where such reimbursements or revenues were recorded.

Response:

- a.) None of the Companies' locations were deployed to provide public access. These installations support fleet/workplace applications, and are necessary to properly support our business operations much like parking lots, buildings, and other workplace facilities.
- b.) There are no revenues or reimbursements collected for the stations installed at these Companies.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-28:

ALL OPCos and TRANCos - In reference to AEP's response to 1-48 and 1-23, for each Opco and Transco, please provide the complete journal entries to record the effects of the amended income tax returns for 2014 – 2017 that was filed in 2019. If there were no journal entries recorded on the Opcos and Transcos' books in 2019 as a result of the amended income tax filings, please explain. If the journal entries recorded on the Opcos and Transcos' books in 2019 for the amended income tax returns did not impact deferred income tax accounts, please explain.

Response:

The requested journal entries are provided as Attachment 1 to the response to question 2-9.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-29:

ALL OPCos and TRANCos - In reference to AEP's response to 1-53, please explain whether the Pirkey Lignite Mine and Dolet Hills Lignite Mine assets are owned by Dolet Hills Lignite Company, Sabine Mining Company, or Oxbow Lignite Company, LLC.

Response:

The "Pirkey Lignite Mine" is the Sabine Mine Company (Sabine) a wholly owned subsidiary of North American Coal Corporation (NACC) and is principally engaged in lignite mining through the operation of a surface mine in Texas, which SWEPCo leases from landowners. Sabine entered into a lignite mining agreement with SWEPCo in 1981, and restated in 1996, 2001 and 2008. SWEPCo is Sabine's only customer and SWEPCo Pirkey Power Plant uses the majority of the lignite mined. Marshall South, Rusk/Gregg and South Hallsville are pit areas within the Sabine Mine that are leased by SWEPCo. SWEPCo has arranged financing for Sabine and has guaranteed the land lease obligations. SWEPCo has capitalized development costs related to preparing a mine for production until saleable lignite is extracted as a part of plant and equipment. These costs are amortized over their estimated useful life, which is generally a units-of-production method.

The Sabine Mine was mined in 2019, providing lignite to SWEPCo Pirkey Power Plant. In 2019, Sabine did not provide lignite to any company other than SWEPCo.

Dolet Hills Lignite Company, LLC (DHLC), is a wholly owned lignite mining subsidiary of SWEPCo. DHLC is the mining operator of the Dolet Hills lignite mine reserves and Oxbow lignite mine reserves. These reserves are equally owned and controlled by SWEPCo and a non-affiliated company, CLECO. DHLC has the exclusive rights to mine such reserves through a Lignite Mining Agreement between DHLC, SWEPCo and CLECO. The lignite reserves in the Dolet Hills mine were depleted in May 2017 and mining operations were moved to the Oxbow reserves. SWEPCo provides for depreciation, depletion and amortization of coal-mining assets over each asset's estimated useful life or the estimated life of each mine, whichever is shorter, using the straight-line method for mining structures and equipment. SWEPCo uses either the straight-line method or the units-of-production method to amortize mine development costs and deplete coal rights based on estimated recoverable tonnages. SWEPCo includes these costs in fuel expense. The lignite reserves supply lignite for the Dolet Hills Power Station. The Dolet Hills Power Station is 40.234% owned by SWEPCo, 50% by CLECO and 9.766% owned by two nonaffiliated companies. The power plant is and continues to be operated by CLECO.

The DHLC mined and delivered lignite to the Dolet Hills Power Plant in 2019; lignite was not

sold or provided to any other company or facility in 2019.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-30:

SWEPCO - In reference to AEP's response to 1-53, please explain whether the Pirkey Lignite Mine and Dolet Hills Lignite Mine were actively mined during 2019 or whether the mines were out of service.

Response:

Please see question 2-29 for this response.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-31:

SWEPCO - In reference to AEP's response to 1-53, please explain whether the Pirkey Lignite Mine and Dolet Hills Lignite Mine assets were used to service SWEPCO's coal-fired production assets.

Response:

Please see response 2-29.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-32:

SEWPCO - In reference to AEP's response to 1-53, please explain whether the Pirkey Lignite Mine and Dolet Hills Lignite Mine assets were used to provide lignite/coal to generating units not owned by SWEPCO.

Response:

Please see response 2-29.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-33:

PSO & SWEPCO - In reference to AEP's response to 1-53, in a FERC audit report to PacifiCorp in Docket No. FA16-4-000, FERC concluded that it was inappropriate to include coal mining assets included in Account 399 in the wholesale transmission formula rate. As a result, FERC directed PacifiCorp to revise its procedures to exclude mining assets from wholesale rates and refund the amount inappropriately billed to ratepayers. In light of the Commission's precedent on excluding mining assets from wholesale transmission formula rates, please explain whether AEP agrees that the Pirkey Lignite Mine and Dolet Hills Lignite Mine assets should be removed from its formula rate. If not, please provide an explanation and any guidance (FERC or other third-party) or support for its position.

Response:

Commission audit reports constitute guidance rather than binding Commission precedent. FERC has made no such audit finding with respect to SWEPCO or its affiliated companies regarding this issue. The referenced costs were properly recorded to Account 399. Per the approved settlement in Docker No. ER18-195, Account 399 – Other Tangible Property is included in its entirety in the rate base calculation.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-34:

SWEPCO - In reference to AEP's response to 1-53, please explain the operating relationship between SWEPCO and Sabine Mining Company (Sabine) in 2019, and the manner Sabine was recorded on SWEPCO's books, including FERC accounts.

Response:

Please see response 2-29

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-35:

SWEPCO - In reference to AEP's response to 1-53, please explain the specific operating purpose and function of Alliance Rail Facility. In addition, please provide a discussion of the following:

- a. Whether the Alliance Rail Facility is used to transport coal and/or other resources to SWPCO and PSO's production assets.
- b. A detailed description of the assets that are a part of the Alliance Rail Facility included in Account 399.
- c. A listing of FERC accounts, other than Account 399, Alliance Rail Facility costs are included in, with the associated amounts.
- d. Whether the Alliance Rail Facility materially supports functions of SWEPCO and PSO's operations other than production.

Response:

OVERVIEW:

Alliance railcar facility (ARC) provides maintenance services for AEP's railcar fleet and several thousand third-party cars each year. The railcars transport coal from mines in the Powder River Basin to power plants throughout the country. ARC facility is located centrally in Alliance, Nebraska and began operations in June 1977. ARC has the capacity to hold and services 988 car at a time. The facilities location in Nebraska allows proximity to the Powder River Basin as well as AEP's Welsh, Northeastern, Turk, Oklaunion and Flint Creek power plants.

- a. The Alliance Railcar Facility does not transport the coal they provided maintenance to the cars that transport the coal to the power plants.
- b. See Attachment 2-35 (b and c)
- c. See Attachment 2-35 (b and c)
- d. Alliance railcar facility only provides maintenance to the railcars delivering coal to the Power Plants listed above.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-36:

SWEPCO - In reference to AEP's response to 1-53, please explain why the Alliance Rail Facility assets are not more appropriately recorded in FERC Accounts 118, 316, 325, and/or 335.

Response:

Alliance Railcar facility is not a utility plant or power plant equipment as defined by the FERC system of accounts, therefore would not meet the definition of the accounts listed above.

The Alliance railcar facility performs maintenance on the rail coal cars, owned by AEP and third parties, which deliver coal from the Powder River Basin to the power plants.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-37:

SWEPCO - In reference to AEP's response to 1-53, please explain whether the Alliance Rail Facility provides services to Amtrak and other third-parties.

Response:

Alliance Railcar facility provides maintenance for third-party owners and/or operate of coal hauling railcars.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-38:

SWEPCO - In reference to AEP's response to 1-53, please identify the O&M and A&G expense accounts used to record the expenses associated with the Alliance Rail Facility, with the associated amounts for 2019. In addition, please provide the accounts use to record revenues associated with the Alliance Rail Facility, with the associated amounts for 2019.

Response:

See 2-38 Attachment

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-39:

PSO & SWEPCO - In reference to AEP's response to 1-53, please provide a detailed listing of SWEPCO and PSO's Texas and Louisiana General Plant Equipment totaling \$12,012,312.

Response:

SWEPCO's Texas and Louisiana General Plant and Equipment totaling \$12,012,312 represents the original development/infrastructure costs for haul roads, buffer zone, etc. located at the Sabine Mine. It should be noted that all but approximately \$20,226.63 of the \$12,012,312 has been depreciated or depleted to date.

Asset Location	Book Cost	Allocated Reserve	Net Book Value
Louisiana General Plant Equipment (except Land & Buildings) : SEP : LAGEN	11,957,563.73	11,957,563.73	-
Texas General Plant Equipment (except Land & Buildings) : SEP : TXGEN	54,748.56	34,521.93	20,226.63
Total	12,012,312.29	11,992,085.66	20,226.63

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-40:

ALL OPCos and TRANCo's In reference to AEP's response to 1-55, did AEP write-off any CWIP costs to expenses accounts for reasons other than impairment or abandonment? If so, please quantify such costs by FERC Account Number.

Response:

Please see the Company's responses to 2-3, 2-4, and 2-5.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-41:

PSO - In reference to AEP's response to 1-56, please:

- a. Indicate the frequency with which PSO remits payment for the taxes payable for the identified tax items
- b. Quantify the debits and credits to Account Nos. 2410002, 2410004, and 2410008 recorded by PSO during 2019 and quantify by FERC Account Number the offsetting credits and debits.

Response:

- a.
 - i. Response: Account 2410002 – State income tax payments are remitted based on the same schedule as federal remittances.
 - ii. Response: Account 2410004 – State Sales Tax Collected is remitted on a monthly basis.
 - iii. Response: Account 2410008 – Franchise Fee Collected is remitted on a monthly basis.
- b.
 - i. Response: Account 2410002 – See 2-41 Attachment 1 for State W/H payments made during 2019. The offset debit when this accrual is recorded is labor expense or capitalized labor, depending on the work orders to which employees charge their time.
 - ii. Response: Account 2410004 – See attached documents for amounts:
 1. 2-41 Attachment 2 - PSO OK 114 2410004 Activity 2019.pdf
 2. 2-41 Attachment 3 - PSO OK 167 2410004 Activity 2019.pdf
 3. 2-41 Attachment 4 - PSO OK 167 2410004 Activity 2019.pdf
 4. Electric sales from MACSS (the customer accounting/billing system) are booked monthly by Tax as follows:
 - a. DR 1420001 CR 2410004
 - b. The charge-off & reinstatements amounts are booked each month by Tax as follows:
 - a. Charge-Offs: DR 2410004 CR 1420022
 - b. Reinstatements: DR 1420022 CR 2410004
 - c. Misc Other Accounts Receivables (OAR) a. DR 1430102 (Misc Accounts Receivable) CR 2410004. These appear in the Attachments 2, 3 and 4 as journal entries that start with BI.
 5. Response: Account 2410008 – DR to account 1420001. See 2-41 Attachment 5 - PSO OK 167 2410008 Activity 2019.pdf

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-42:

PSO - In reference to AEP's response to 1-58, please respond to the same question with the clarification that the reference to PSO's 2019 FERC Form No. 1, page 123.27, should have instead been to page 123.64.

Response:

The accounts recording the revenue on the TRANSCO is 454000; the expense accounts for PSO are: 5070006, 5670002 and 5890002.

See 2-42 Attachment.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-43:

PSO - In reference to the Attachment 1-61_Attachment_1_SEND, Excel Row 6 – Generator System – Complete in the amount of \$1,757,934, please provide the following:

- a. A detailed breakout of the assets transferred from Account 344 – Generators into Account 353 – Station Equipment, including the date each asset was placed in-service, description of the asset and associated amount.
- b. State whether the associated accumulated depreciation with these assets were transferred into transmission accumulated depreciation. If not, please provide an explanation as to why these amounts were not transferred.
- c. An explanation of the rationale for transferring generating assets and why/how these assets are transmission related.
- d. State whether any of these assets are associated with generator step-up transformers or interconnection facilities. If yes, please state whether they are excluded in the formula rate template.

Response:

- a - c.) Please see 2-43 Attachment 1.xls for the information requested.
- d.) Yes. The assets transferred were generator step-up transformers and excluded from the formula rate template.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-44:

PSO - In reference to the Attachment 1-61_Attachment_1_SEND, Excel Row 7 – Structures and Improvements in the amount of \$181,050.39, please provide the following:

- a. A detailed breakout of the assets transferred from Account 341 – Structures and Improvements into Account 353 – Station Equipment, including the date each asset was placed in-service, description of the asset and associated amount.
- b. State whether the associated accumulated depreciation with these assets were transferred into transmission accumulated depreciation. If not, please provide an explanation as to why these amounts were not transferred.
- c. An explanation of the rationale for transferring generating assets and why/how these assets are transmission related.
- d. State whether any of these assets are associated with generator step-up transformers or interconnection facilities. If yes, please state whether they are excluded in the formula rate template.

Response:

- a - c.) Please see 2-44 Attachment 1.xls for the information requested.
- d.) Yes. The assets transferred were generator step-up transformers and excluded from the formula rate template.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-45:

PSO - In reference to the Attachment 1-61_Attachment_1_SEND, Excel Row 8 – Generator System – Complete in the amount of \$1,298,921.92, please provide the following:

- a. A detailed breakout of the assets transferred from Account 344 – Generators into Account 353 – Station Equipment, including the date each asset was placed in-service, description of the asset and associated amount.
- b. State whether the associated accumulated depreciation with these assets were transferred into transmission accumulated depreciation. If not, please provide an explanation as to why these amounts were not transferred.
- c. An explanation of the rationale for transferring generating assets and why/how these assets are transmission related.
- d. State whether any of these assets are associated with generator step-up transformers or interconnection facilities. If yes, please state whether they are excluded in the formula rate template.

Response:

- a - c.) Please see 2-45 Attachment 1.xls for the information requested.
- d.) Yes. The assets transferred were generator step-up transformers and excluded from the formula rate template.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-46:

PSO - In reference to the Attachment 1-61_Attachment_1_SEND, Excel Row 9 – Accessory Electric Equipment in the amount of \$287,871.69, please provide the following:

- a. A detailed breakout of the assets transferred from Account 345 – Accessory Electric Equip into Account 353 – Station Equipment, including the date each asset was placed in-service, description of the asset and associated amount.
- b. State whether the associated accumulated depreciation with these assets were transferred into transmission accumulated depreciation. If not, please provide an explanation as to why these amounts were not transferred.
- c. An explanation of the rationale for transferring generating assets and why/how these assets are transmission related.
- d. State whether any of these assets are associated with generator step-up transformers or interconnection facilities. If yes, please state whether they are excluded in the formula rate template.

Response:

- a - c.) Please see 2-46 Attachment 1.xls for the information requested.
- d.) Yes. The assets transferred were generator step-up transformers and excluded from the formula rate template.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-47:

PSO - In reference to AEP's response to 1-64, please provide an explanation for the differences between the new additions identified as radials in compared to the new radials being excluded from the formula in.

1-64_Attachment 1		1-64_Attachment_3_Set-1	
COLUMN "LONG DESCRIPTION 2"	AMOUNT	Tab PSO Excluded - New Amount	DIFFERENCE
(Radial) Elk City - Hammon JCT 69KV Line : PSO : TL66631	19,598.39	9,455.11	10,153.28
(Radial) Foss Water Treatment Plant Tap 69KV Line : PSO : TL66626A [1]	362,082.66	0	362,082.66
(Radial) Hollis Tap (WTU) - Hollis 138KV Line (Interconnect-OK Portion) : PSO : TL81531	60,403.33	52,923.55	7,479.78
(Radial) Sand Springs - Sunray Dx 69KV Line : PSO : TL66112	2,602,311.23	2,533,844.13	68,467.10
(Radial) Sand Springs Sub - Denver Sub 138KV Line : PSO : TL81524	2,153,015.91	2,067,810.8	85,205.11
(Radial) Southeast Sub - Kenosha Sub 138KV Line : PSO : TL81501	13,095.44	11,564.99	1,530.45
(Radial) Weleetka Plant - Okemah 69KV Line : PSO : TL66138	261,909.67	(8,986.82)	270,896.49
(Radial) Wright City - Valliant - Georgia Pacific 69KV Line : PSO : TL66145	310,372.29	266,891.74	43,480.55
[1] Missing in 1-64_Attachment_3_Set 1			

Response:

The 1-64_Attachment 1 only shows the additions for that specific item and 1-64_Attachment_3_Set 1 shows the additions and retirements associated with those specific items. Please see "2-47 Attachment 1_AECC_ETEC_NTEC" as an example to explain the

difference. Also, the missing Asset Location item you have listed is associated with a different radial in attachment 1-64_Attachment_3_Set 1.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-48:

PSO - In reference to AEP's response to 1-64, please provide an explanation as to why the following interconnections that were transmission plant additions are not included on the excluded interconnections file.

1-64 Attachment 1 Column "Long Description 2"	Amount	1-64 Attachment 3 Set 1 Tab-PSO Excluded-New Amount	Difference
Bartlesville Southeast Sub - KG&E Interconnect 138KV Line : PSO : TL81826	1,801.70	0	1,801.70
Dawson - Owasso GRDA Interconnect 69KV Line : PSO : TL66150	5,776.75	Missing	
Delaware Sub - KG&E Interconnect 345KV Line: PSO : TL90922	520,657.06	Missing	
Hobart JCT Sub - WFECC Interconnect at Russell 138KV Line : PSO : TL81820	62,608.61	Missing	
Lawton Eastside Sub - OG&E Interconnect Ardmore 345KV Line: PSO : TL90916	191,878.11	Missing	
Oneta Sub - OG&E Interconnect Clarksville 345KV Line: PSO : TL90901	134,215.41	Missing	
Pittsburg Sub - OG&E Interconnect Ardmore 345KV Line: PSO : TL90915	438,603.21	Missing	
Pittsburg Sub - OG&E Interconnect Ashland 345KV Line: PSO : TL90917	119,773.94	Missing	
Sand Springs Sub - OG&E Interconnect 138KV Line : PSO : TL81818	40,538.95		40,538.95
Southwestern Plant - SWPA Interconnect 138KV Line : PSO : TL81803	329,425.46	Missing	
SWPA Interconnect Eufaula Sub - Stigler Sub 138KV Line : PSO : TL81836	104,820.90		104,820.90
SWPA Interconnect Tupelo Sub - Atoka	29,466.96		29,466.96

Sub 138KV Line : PSO : TL81823			
Valliant Sub - SWEPCO Interconnect Oklahoma-Texas State Line 345KV Line: PSO : TL90905	89,427.12	Missing	
Weleetka Plant - OG&E Interconnect (Seminol) 69KV Line : PSO : TL66103	18,486.38	Missing	
WFEC Interconnect Russell Sub - WTU Interconnect Texas State Line 138KV Line : PSO : TL81845	111,970.56	Missing	

Response:

All items listed above are plant additions to transmission assets that meet the SPP's criteria for inclusion in transmission rates per Attachment AI of the SPP OATT, thus they are not included in PSO's list of excludable property. Certain asset locations on the list (those not labeled "missing") historically had a combination of both includable plant and excludable plant investment. Prior to the 2019 annual update a percentage was applied to the incremental investments of each asset to determine the amount that was excludable as the direct amount of investment was not tracked as includable vs. excludable. This percentage method was proposed and ultimately approved in PSO and SWEPCO's filing in ER09-12 to identify excludable assets on its system in compliance with SPP's new Attachment AI. During 2019, the Companies underwent a process to update their procedures and accounting records to separately identify investments associated with excludable property going forward. The excludable file provided as 1-64 Attachment 3 only includes plant additions associated with excludable facilities.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-49:

PSO - In reference to “1-67_PSO_353_Transfers_SEND.xlsx,” “PSO 353 Transfers” tab, please explain the basis for transferring the following items from production plant accounts to transmission plant accounts:

- a. Generator System – Complete (both).
- b. Accessory Electric Equipment.

Response:

Please see the Companies responses to 2-43, 2-44, 2-45, and 2-46 for the reasons for making the transfers. The transfers were made to properly record the investment to the correct utility account. Prior to the transfer being made the assets were excluded from the formula rate because, in all four circumstances, the accounts these assets were initially recorded in are not included in the formulas allocated rate base, After the transfer was made, the investments were excluded from the formula rate calculation as part of the calculation to exclude GSUs from recovery in transmission rates.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-50:

PSO - In reference to "1-71_Attachment_1.xlsx", "Sheet1" tab, please explain what are "Rec Unvouchrd Liability Accrals."

Response:

AEP's Unvouchered Liability process records products or services acquired during a period, but the invoice from the vendor has not yet been received and/or process.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-51:

PSO - In reference to "1-70 Attachment-1_PSO_228.xlsx," please provide the FERC account(s) where the associated debits/expenses are recorded for each of the following:

- a. Excel Row 11 – 2019 SERP ACTUALS - N
- b. Excel Row 12 – 2019 SERP ACTUALS - S
- c. Excel Row 13 – 2019 SERP TRUE UP - N
- d. Excel Row 14 – 2019 SERP TRUE UP – S
- e. Excel Row 15 – Payroll
- f. Excel Row 18 – Payroll
- g. Excel Row 19 – Supplemental Savings Plan
- h. Excel Row 24 – FAS 112 2019 ANNUAL TRUE UP
- i. Excel Row 30 – Incentive Comp Deferral Plan
- j. Excel Row 31 – PSI TO ICDP
- k. Excel Row 35 – GAIN/LOSS AMORTIZATION
- l. Excel Row 36 – YE FAS158 REV

Response:

Please see attachment PSO Query Attachment 1-AECC-ETEC-NTEC question 2-51

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-52:

PSO - In reference to “1-76_Attachment_1_PSO_Query_Attachment_1-AECC-ETEC-NTEC.xlsx,” for each of the tabs included in this attachment, please provide granular level detail of the transactions/items included in each account, including: (i) work order number, (ii) long_description, (iii) activity_cost, (iv) journal entry descriptions etc.

Response:

Please see attachment PSO Query Attachment 1-AECC-ETEC-NTEC questions 2-52. For additional support please see 2-15 Attachment 2 for additional Chatfield descriptions.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-53:

PSO - In reference to “1-76_Attachment_1_PSO_Query_Attachment_1-AECC-ETEC-NTEC.xlsx,” “4561” tab, and “1-118_Attachment_1_AECC-ETEC-NTEC.xlsx,” “Summary SPP FR” tab, please explain why the transmission amounts for subaccount no. 4561012 do not match.

Response:

On 1-118_Attachment_1_AECC-ETEC-NTEC, tab '2019 by BUsum', cell L150, there is an adjustment to the revenue credit (see excel cell L150), the impact of which is not shown on 1-76 Attachment 1.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-54:

PSO - In reference to AEP's response to 1-80 and PSO Worksheet H – Revenue Credits, please reconcile the amounts input for Account 456.1 on Worksheet H to the amounts shown in “1-76_Attachment_1_PSO_Query_Attachment_1-AECC-ETEC-NTEC.xlsx,” “4561” tab.

Response:

The 456.1 amount on Worksheet H applies to PSO Total Company. The 456.1 amount ties to FERC Form 1 page 300 line 22 and also 1-76_Attachment_1_PSO_Query_Attachment_1-AECC_ETEC_NTEC tab 4561 cell E-23. Please refer to the response to 1-118, 1-118_Attachment_1_AECC-ETEC-NTEC.xlsx, and the second tab called "Summary SPP FR" for adjustments to 456.1.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-55:

PSO - In reference to AEP's response to 1-105, the original question asked about the rationale underlying AEP's allocation choices. In its response, AEP does not appear to provide any rationale to support its allocation choices. Please provide the rationale underlying AEP's allocation choices (e.g., why did AEP allocate 230B 481 a BONUS DEPRECIATION using the PTD allocator).

(FOR REFERENCE, THE SPECIFIC BALANCES ASKED ABOUT IN DR Set 1-105 ARE PROVIDED HERE):

- a. Excel Row 13 - 230B 481 a BONUS DEPRECIATION;
- b. Excel Row 19 - 280J TAX DEPRECIATION LOOKBACK;
- c. Excel Row 30 - 533J TX ACCEL AMORT - CAPITALIZED SOFTWARE;
- d. Excel Row 41 - 908A BOOK OPERATING LEASE – LIAB;
- e. Excel Row 42 - 908B BOOK OPERATING LEASE – ASSET. In addition, please state whether the “asset” balance was netted against the balance in item (d.) above.
- f. Excel Row 49 - 960F-XS EXCESS ADFIT 282 PROTECTED-OK;
- g. Excel Row 51 - 960F-XS EXCESS ADFIT 282 UNPROTECTED-OK;
- h. Excel Row 52 - 282 EXCESS ADJUSTMENT;
- i. Excel Row 79 - 661U REG ASSET-LAWTON SETTLEMENT;
- j. Excel Row 88 - 673S REG ASSET-INDEPENDENT EVALUATOR DEFRL;
- k. Excel Row 89 - 673X REG ASSET-WIND CATCHER COST RECOV;
- l. Excel Row 90 - 674E REG ASSET-NE U4 UNDEPRECIATED BALANCE;
- m. Excel Row 99 - 960F-XS EXCESS ADFIT 283 UNPROTECTED-OK;
- n. Excel Row 102 - 283 EXCESS ADJUSTMENT;

Response:

a. - c. These depreciation related ADIT deferrals are related to the tax treatment of depreciation on utility assets; therefore these items were allocated based on plant allocator.

d. - e. These items are both treated as excluded items because operating leases are not recorded in rate base. The balance of e. was mis-identified in the worksheet in line 906P, ACCRD BOOK ARO EXPENSE - SFAS 143. This item was also excluded, so this mis-identification did not impact the balance of ratebase.

f. - g. These items relate to protected and unprotected balances in account 282 identified during the re-measurement of tax rates required by the TCJA of 2017. The determination of the

recoverable and excluded amounts are determined on WS C-4, which was adopted as part of a settlement filed in FERC Dockets ER18-194 and ER18-195.

h. The Excess Adjustment ADIT items in account 282 and 283 represent balances that are attributable to depreciation, thus supporting the allocation based on plant. These amounts offset each other and should be considered net.

i. - l. These are ADIT balances that are associated with Regulatory Assets. Because the assets are not recovered in the formula, these related ADIT balances are not recovered either.

m. - see the response to f. - g. above.

n. See the response to h. above.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-56:

PSO - In reference to AEP's response to 1-112, please:

- a. Identify and describe the source of the contractual obligation to purchase tax credits from the Oklahoma Capital Investment Board.
- b. Clarify whether the accruals described in response to 1-112(b) reflected actual payments of cash or non-cash accruals.
- c. Provide the annual schedule of (1) cash contributions (2) ERISA-mandated contribution minimums, and (3) actuarially determined expense for the AEP Pension Plan since its inception.
- d. Explain why AEP records the prepaid pension benefit to FERC Account No. 165 instead of FERC Account No. 182.3.
- e. Thoroughly explain how AEP anticipates that it will unwind the prepaid pension benefit position (e.g., amortize the balance ratably over time).

Response:

- a. PSO and the Oklahoma Capital Investment Board agreed to a contract in 1992 in which PSO agreed to purchase tax credits from the OCIB. This contract was later amended in 1993, 1995, 1997, and 2012.
- b. This was a cash payment.
- c.1,3 PSO contributions and expense in recent years are below. Contributions for other years are not readily available.

PSO

Year	Contributions	Expense
2006	\$0	(\$3,811,387)
2007	\$0	(\$1,598,653)
2008	\$0	(\$1,943,372)
2009	\$0	(\$2,969,087)
2010	\$12,848,097	(\$5,337,394)
2011	\$33,189,000	(\$7,277,000)
2012	\$12,306,000	(\$7,383,172)
2013	\$0	(\$10,894,735)
2014	\$4,439,000	(\$9,513,962)
2015	\$5,795,000	(\$7,874,477)
2016	\$5,645,000	(\$6,412,966)
2017	\$5,347,000	(\$5,635,826)
2018	\$0	(\$4,950,720)
2019	\$0	(\$3,569,013)

- c. ERISA minimum plan contributions are calculated at a Pension plan level, not a AEP subsidiary level. Any contributions to the Pension plan are allocated to all participating AEP subsidiary companies based on funding status.

- d. It is appropriate to include prepaid pension expense in rate base because the formula rate includes a provision allowing these costs in rate base – Attachment H Addendum 12, Part 3, Worksheet D includes a line item for “Prefunded Pension Expense” under Prepayments Account 165. Further, for ratemaking purposes, the cash prepaid pension balance in Account 1650010 should be included in rate base. The annual amount of pension cost is calculated in accordance with Accounting Standards Codification (ASC) 715, Compensation – Retirement Benefits. The prepaid pension asset is the cumulative amount of cash contributions to the pension trust fund beyond the cumulative amount of ASC 715 pension cost included in the income statement and cost of service. This cash prepaid pension asset balance in Account 1650010 represents a cash investment that should be included in rate base so that the Company can recover its cost of funds on the additional cash contributions, which serve to reduce pension cost through additional trust fund investment income.
- e. AEP's pension plan is still an active pension plan with new employees being admitted into the plan. Pension benefits will continue to be paid from the trust until the final participant has been fully paid and the plan no longer has an obligation to any participants.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-57:

PSO - In reference to AEP's response to 1-112, please provide the following:

- a. PSO's rationale for purchasing tax credits from the Oklahoma Capital Investment Board, including any cost/benefit analyses (or similar studies) relied upon by PSO in its decision making.
- b. Explain whether the 2019 tax credits purchased from the Oklahoma Capital Investment Board were used in the 2019 tax year's Oklahoma state income tax return. If the 2019 tax credits were not used in 2019 Oklahoma state income tax return, please discuss when the tax credits will be used.
- c. Explain whether the income the tax credits purchased from the Oklahoma Capital Investment Board can be used to reduce all forms of taxable income. If the credits are only applicable to specific types of taxable income, please explain the limitations.
- d. Please provide the Oklahoma statute that provides for the specific tax credits purchased from the Oklahoma Capital Investment Board in 2019.

Response:

- a. It is the Company's current understanding that the rationale for entering into the contract to purchase tax credits from the OCIB was to spur economic development in the state while at the same time not increasing the cash layout it otherwise would have absent the agreement. The purchase involves a receipt of tax credits for the same dollar value as the cash outlay. The cash outlay to the OCIB would have a dollar-for-dollar reduction in the cash outlay that PSO would be required to make to the Oklahoma Tax Commission to satisfy its income tax liability.
- b. The tax credits purchased in 2019 from the OCIB were not used in the 2019 Oklahoma state income tax return as the company had an existing NOL balance to offset any taxable income. The credits were sold to a third party in 2020.
- c. The tax credits are only applicable to offset Oklahoma income tax liabilities.
- d. Oklahoma Statute § 5085.7 provides for the tax credits purchased from the OCIB.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-58:

ALL OPCos and TRANCos - In reference to AEP's response to 1-114, please clarify whether the medical trust account is an asset on AEP's books or is a trust external to AEP.

Response:

The HSA accounts referred to in question 1-114 are in external accounts and are not recorded as an asset for AEP.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-59:

ALL OPCos and TRANCos - In reference to AEP's response to 1-114 related to "HSA Seed Monies," please provide the following:

- a. State whether these amounts are related to employees electing how much to contribute to their HSA account or whether these monies represent AEP's contribution to employee HSAs as a benefit to an employee.
- b. If monthly contributions are expensed as stated in AEP's response to 1-114b., please explain why AEP is not expensing these amounts on a monthly basis.
- c. Provide an explanation as to how the advance payment made in January receives a benefit for customers (e.g. cash discount etc.)
- d. Provide the FERC account(s) in which these prepayment expenses are ultimately recorded.
- e. It appears that AEP records these amounts in Account 165 in January and they are transferred out by February, please provide the FERC account(s) in which these amounts are transferred into.

Response:

- a. The HSA seed contributions are the annual employer contributions into employee accounts. This contribution is made from the medical trust account.
- b. The HSA seed contributions are included in factors used to determine the amount of the the monthly employer contribution into the medical trust account. This monthly contribution is expensed.
- c. The benefit for customers comes from AEP providing competitive pay-packages to ensure the Company is able to hire the most qualified people as employees. Payment of these contributions is performed usually on the Wednesday or Thursday of the week that payroll is paid (most AEP employees are paid every other Friday), so it normally doesn't give rise to a prepaid balance. However, in February 2020, the first pay of the month fell on Friday, February 1, 2020. Because these amounts had been sent to the trustee prior to that Friday, for purposes of recording the transaction at the close of January business it was recorded as a prepayment as opposed to leaving it as a debit balance in the payable account. .
- d. The seed contributions are recorded in 242 and 926 accounts.
- e. The HSA seed money is recorded with the monthly expense to the 2 accounts in d. above. The payment to the employee accounts is made from the medical trust at Bank of New York Mellon, so this would not result in a journal entry on AEP.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-60:

PSO - In reference to "1-115_Attachment_1.xlsx," there appear to be improperly-functioning formulae in the spreadsheet. Please provide a fully-functioning spreadsheet with links, macros, and formulae intact and/or explain the relationship of the figures shown on the spreadsheet to produce the net periodic cost and totals without Dolet Hills.

Response:

The attachment from question 1-115 has been updated, and is provided here as 2-60_(Revised_1-115_Attachment_1). The formula in error totals the Non-Service components.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-61:

PSO - In reference to AEP's response to 1-116, please identify the types of customers that are subject to this sales tax (e.g. retail, wholesale, government etc.)

Response:

Generally, retail sales to all customers are subject to sales tax, unless specifically exempted. Oklahoma state sales tax is levied on the gross receipts from the sale or rental of tangible personal property and from the furnishing of specific services, including public utilities, such as electricity. State sales tax does not apply to electricity utility bills for residential property, but remain subject to any applicable municipal and county taxes in effect at the time of sale. The furnishing of electricity for commercial use, such as retail stores, warehouses, etc., is subject to state, city and county sales tax. Electricity used directly in the manufacturing process is exempt if the manufacturing company holds an exemption certificate. Public authority accounts are exempt. Wholesale is exempt with property exemption document.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-62:

PSO - In reference to AEP's response to 1-116, please:

- a. Clarify whether "taxable electric sales" includes the transmission of electricity, i.e., is PSO required to collect Oklahoma sales taxes for the transmission of electricity.
- b. Clarify whether PSO makes a payment on the 20th of the current month for the tax liability for the 1st through the 15th of the *current or following month*.

Response:

- a. If there is a charge for transmission on the electric bill of a retail sale of electricity to an end-user, then it would be taxable.
- b. PSO makes two separate payments on the 20th. The first payment is for a true-up of the previous month's payment. The second payment is a prepayment of the current month based on 50% of the liability of the same month of the previous year.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-63:

PSO - In reference to AEP's response to 1-119, please thoroughly and clearly explain how "1-118_Attachment 1_AECC-ETEC-NTEC.xlsx," provides the underlying rationale for PSO's transmission/non-transmission allocations on Worksheet J.

Response:

Please see attachment "2-63_Attachment 1_AECC_ETEC_NTEC". The summary tab provides the balances by functional business unit. The transactions are recorded to the proper function based on the actual cost incurred.

Date: 12/30/2020

SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up

Responses to AECC-GSEC-ETNC
Set 2 of Data Requests

Data Request 2-64:

PSO - In AEP's response to "1-120_Attachment 1_AECC-ETEC-NTEC.xlsx," please provide the following:

- a. Excel Row 7 – Strategic Regulatory Engagement
 - i. Provide a detailed description of this item.
 - ii. Provide the regulatory proceeding this effort is related to.
- b. Excel Row 10 – 2013-PSO-Base Case Support
 - i. State whether this is related to PSO's distribution rate case. If not, please explain what rate case these expenses are related to.
 - ii. Provide any associated dockets related to (i) above.
 - iii. Explain why the 2013 amounts are being recorded in 2019.
- c. Excel Row 11 – 2021-PSO-Base Case Support
 - i. State whether this is related to PSO's distribution rate case. If not, please explain what rate case these expenses are related to.
 - ii. Provide any associated dockets related to (i) above.
- d. Excel Row 17 – 2017-PSO-Base Case Support
 - i. State whether this is related to PSO's distribution rate case. If not, please explain what rate case these expenses are related to.
 - ii. Provide any associated dockets related to (i) above.
 - iii. Explain why the 2017 amounts are being recorded in 2019.
- e. Excel Row 18 – 2018-PSO-Base Case Support
 - i. State whether this is related to PSO's distribution rate case. If not, please explain what rate case these expenses are related to.
 - ii. Provide any associated dockets related to (i) above.
 - iii. Explain why the 2018 amounts are being recorded in 2019.
- f. Excel Row 19 – Ok Tax Filing Rate Case Support
 - i. A detailed description as to how this filing supported the rate case.
 - ii. Identify whether this supported a distribution rate case. If not, please explain what rate case these expenses are related to.
 - iii. Provide any associated dockets related to (ii) above.
- g. Excel Row 20 – Rate Case Amortization
 - i. Provide a detailed description as to what this amortization is related to.
 - ii. State whether the amortization was a result of a ruling at the state. If yes, please provide the associated order or docket where such rate case amortization was approved.
 - iii. State whether this amortization was a result of a regulatory asset on PSO's books and records. If yes, please identify the regulatory asset, the vintage, associated amount, and amortization period. Is related to PSO's distribution rate case. If not, please explain what rate case these expenses are related to.
 - iv. Provide any associated dockets related to (i) above.

- v. Explain why the 2013 amounts are being recorded in 2019.
- h. Excel Row 21 – Legal Policy Co-Anda
- i. Provide a detailed description as to what this item represents.

Response:

- a. Excel Row 7 – Strategic Regulatory Engagement
 - I. To accumulate regulatory services cost in connection with the Engage to Improve, Culture and Operations Performance Transformation team review.
 - ii. No, These cost were erroneously booked to this account.
- b. Excel Row 10 – 2013-PSO-Base Case Support.
 - i. PSO rate case include distribution because their rates are bundled.
 - ii. Oklahoma Corporation Commission Order No. 639314 in Cause No. PUD 201300217
 - iii. \$6,423 should have been recorded to PSO's 2018 Rate Case work order.
- c. Excel Row 11 – 2021-PSO-Base Case Support
 - I. PSO rate case include distribution because their rates are bundled.
 - ii. There is no docket at this time. Accumulated cost at this point are planning with outside council
- d. Excel Row 17 – 2017-PSO-Base Case Support
 - i. PSO rate case include distribution because their rates are bundled.
 - ii. Oklahoma Corporation Commission Order No. 672864 in Cause No. PUD 201700151
 - iii. Final Order for this rate case was in January 2018 and amortization of the Rate Case Expense was set for a period of 24 months.
- e. Excel Row 18 – 2018-PSO-Base Case Support
 - I. PSO rate cases include distribution because their rates are bundled.
 - ii. Oklahoma Corporation Commission Order No. 692809 in Cause No. PUD 201800097
 - iii. Amortization of Rate Case Expense began upon the order in April 2019
- f. Excel Row 19 – Ok Tax Filing Rate Case Support
 - I. Accumulate Public Service of Oklahoma Company costs in connection with the preparation and filing of the Oklahoma Tax Case filing to determine what rate adjustments may be necessary with recent tax changes.
 - ii. PSO rate cases include distribution because their rates are bundled.
 - iii. Oklahoma Corporation Commission Final Order in Cause No. PUD 201700572 Order No. 680821
- g. Excel Row 20 – Rate Case Amortization
 - I. Internal Legal Cost related to PSO Rate Case.
 - ii. Please see the 2017 and 2018 PSO Base Cases
 - iii. Please see the 2017 and 2018 PSO Base Cases
 - iv. Please see the 2017 and 2018 PSO Base Cases
 - v. This was addressed in the response to part b. above.
- h. Legal Policy Co-Anda refers to legal costs incurred as a regulatory expense.
 - I. These are legal cost associate specifically with Transmission.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-65:

OKTCO - In reference to AEP's response to 1-128, please reference PSO's 2019 FF1s, Pages 123.4 and 429, and quantify the revenues and expenses assigned or allocated to SWEPCO and PSO by AEPSC regarding "power, coal, natural gas, interest rate, and ... heating oil, gasoline, and other risk management activities."

Response:

Please refer to AEP response to 1-54.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-66:

OKTCO - In reference to AEP's response to 1-131 reference to PSOs 2019 FF1, Page 123.62, please identify and quantify, by FERC Account Number, all costs of customer accounts receivable sold.

Response:

See 2-66 Attachment for POS's cost related to the Sale of Customer Receivables.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-67:

OKTCO - In reference to "1-132_Attachment_1_SEND.xlsx," "1-132" tab, please indicate whether OKT's Habitat Conservation Plan has been approved and if OKT has been issued its incidental take permit.

Response:

The U. S. Fish and Wildlife Service (USFWS) approved AEPs multi-state Habitat Conservation Plan in April of 2018, with an expiration of April 2021. Oklahoma Transco is covered under this plan. USFWS issued an Incidental Take Permit for the American Burying Beetle in January 2019.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-68:

OKTCO - In reference to AEP's response to 1-135, please confirm that to the extent that there is any ADIT associated with the NERC penalty accrual, the ADIT is excluded from rate base.

Response:

The ADIT associated with the NERC penalty accrual in account 253 is included in rate base and makes up a small portion of the ADIT balance reported on Line # 520A in account 1901001.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-69:

OKTCO - In reference to "1-138_Attachment_1.xlsx," "Sheet1" tab, please:

- a. Explain what is "Other Cost Category."
- b. Provide the transaction detail that totals to \$273,255 for 2019 for "Other Cost Category."
- c. Explain the difference between "Employee Expenses," "Labor & Fringes," "Internal Labor," "Fringes," and "Incentives."
- d. Explain the difference between "Fleet" and "Fleet Services."
- e. Explain why there are two "Outside Services" cost categories.
- f. Explain what are "Shared Services" and explain how they are different from "Outside Services."

Response:

- a. The Other Cost Category is primarily overhead loadings related to charges billed to OKTCO from AEP affiliates other than AEPSC (primarily PSO).
- b. Please refer to 2-69 Attachment 1 for transaction detail for \$273,255 for 2019 in Other Cost Category.
- c. Employee expenses are charges incurred primarily on expense reports, for example Travel and Entertainment. Labor is the straight labor costs of employees (salary/hourly wage) while Fringes are the costs for benefits (medical, dental, pension, 401k, etc.) Incentives are the charges related to the annual and long-term incentive plans for employees.
- d. Fleet and Fleet Services are the same, the terms are interchangeable. The attachment was just breaking out Fleet Services from AEPSC versus Fleet Services incurred directly by OKTCO or incurred from another AEP affiliate other than AEPSC.
- e. There are two Outside Services cost categories because the top part of the attachment relates to costs incurred by OKTCO from just AEPSC, while the bottom part relates to costs incurred directly by OKTCO or incurred from another AEP affiliate other than AEPSC. The Company was just trying to break out the portion related to AEPSC.
- f. Shared Services are AEPSC costs for primarily Information Technology, Real Estate and Workplace Services, and Human Resources that are loaded over AEPSC employee labor. So they are costs incurred within AEPSC, while outside services are costs incurred from 3rd parties, which are not loaded over AEPSC employee labor.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-70:

OKTCO - In reference to AEP's response to 1-141 Attachment 1 and Attachment 2, please provide the transaction-level data that includes journal entry descriptions and associated amounts that make up the amounts detailed for Account No. 566.

Response:

Please refer to 2-70 Attachment 1 for transaction-level data for non-AEPSC activity and refer to 2-70 Attachment 2 for transaction-level data for AEPSC activity.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-71:

OKTCO - In reference to "1-146_Attachment_1.xlsx," "Sheet1" tab, it appears that AEP's employee incentive compensations may total almost 50% of its labor & fringes expense. Please describe and explain AEP's employee incentive program(s).

Response:

Total employee incentive compensation was 30.4% of its total labor & fringes expense (including incentive compensation) for Acct 920 (Administrative and General Salaries) for Oklahoma Transmission Company for the year 2019.

AEP maintains a standard short-term incentive (STI) compensation design in which all employees participate. The incentive targets for this program vary by position salary grade based on market competitive compensation levels. Higher than typical incentives should be expected for the Administrative and General account because the employees whose time is charges to Oklahoma Transmission Company and allocated to the Administrative and General Account tend to be in positions at higher salary grades with higher incentive targets. Incentive goals also vary by year and business unit. Please see ER18-194 and ER18-195 AECC 2-71 Attachment 1 for a description of the AEP STI program applicable to AEP Oklahoma Transmission Company for 2019.

AEP also maintains a long-term incentive program under which it issues performance shares and restricted stock units (RSUs). Please see ER18-194 and ER18-195 AECC 2-71 Attachment 2 for representative award agreements for AEP's LTI program for 2019.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-72:

OKTCO - In reference to AEP's response to 1-153, please provide a list of entities to which OKT paid Corporate Membership Dues and list the dues for each entity.

Response:

Please refer to 2-72 Attachment 1 for information requested.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-73:

OKTCO - In reference to AEP's response to 1-158, please:

- a. Indicate whether (and if so, when and how) OKT refunded or charged transmission customers for the gain or loss on the disposition of the assets; and
- b. Explain how this book/tax difference will reverse over time.

Response:

- a. Because the Company uses the group method for depreciating its assets (excluding land), no gains or losses are recorded on its depreciated assets. The impact of a resulting sale is recorded as salvage or cost of removal depending on the result of the sale.
- b. As a gain/loss is recognized for tax purposes but not for book purposes, the timing difference will reverse over the course of the book depreciation on the remaining book assets.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-74:

OKTCO - In reference to AEP's response to 1-158, please provide the following:

- a. Identify the FERC accounts(s) where the gain/losses associated with these OKT assets were recorded.
- b. Identify where in the formula rate template the gain/loss was included.
- c. Identify the associated amount with (b) above.
- d. Provide any third-party or FERC guidance AEP utilized to include gains/losses in the formula rate template.

Response:

- a. Because the Company uses the group method for depreciating its assets (excluding land), no gains or losses are recorded on its depreciated assets. The impact of a resulting sale is recorded as salvage or cost of removal depending on the result of the sale.
- b. The gain/loss referred to in the name of the line item is a tax gain/loss, not a book gain/loss. The underlying activity is related to accumulated depreciation in rate base in the formula rate. When a regulated asset is retired prior to being fully depreciated the entry for book purposes is a debit to 108 accumulated depreciation, not a gain/loss income statement account.
- c. The schedule M associated with this question is \$39,700.
- d. See the response to part a.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-75:

OKTCO - In reference to AEP's response to 1-159, Excel Row 33 - 520A - 520A PROVS POSS REV REFDS-A/L, please provide the following:
 a. A detailed description of this item.
b. Identify the FERC account(s) where underlying expenses or revenues related that gave rise to this ADIT were recorded.

Response:

- a. This ADIT balance relates to book accruals for possible revenue refunds. The accrual of these expenses is not deductible for tax purposes until refunds are provided to customers.
- b. Accounts 431, 449, 426, and 456.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-76:

OKTCO - In reference to AEP's response to 1-159, the original question asked about the rationale underlying AEP's allocation choices. In its response, AEP does not appear to provide any rationale to support its allocation choices. Please provide the rationale underlying AEP's allocation choice, i.e., why did AEP allocate 520A PROVS POSS REV REFDS-A/L 100% to transmission? Please note that the original question mistakenly identified Excel row 33; the correct Excel row is 47.

Response:

When there is a known over-collection of revenues in a billing year, AEP must record provisions for such over-collection in the year it is billed in order to not misstate its financial statements. For tax purposes, the refund is not recognized until it is paid. Because these refunds are arising out of the operations of the Company, this, like any other tax timing difference arising out of the Company's utility operations, is going to be includable in rate base to allow the Company to earn a return on the funds used to finance this difference. Because OKTCO is a transmission-function only company, any ADIT balance allocated for recovery is going to be allocated entirely to that function; i.e. it will be included 100% in rate base.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-77:

OKTCO - In reference to AEP's response to 1-160a., while there is no underlying expense or revenue account associated with Account 101, please identify the FERC account(s) where the loss or gain was recorded related to this property.

Response:

The timing difference giving rise to this ADFIT is related to the tax recognition of the gain/loss to be included in taxable income as a gain/loss is not recognized on the income statement for book purposes. The gain/loss is recognized for tax purposes at the time of the disposition of property. This gain/loss would impact current income tax expense and deferred tax expense in account 409 and 410/411 respectively.

For book purposes, the gain or loss is recognized as an adjustment to salvage value in account 108 (accumulated depreciation) of the disposed asset, as permitted by the group asset method of depreciation used by AEP.

Date: 12/30/2020

SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up

Responses to AECC-GSEC-ETNC
Set 2 of Data Requests

Data Request 2-78:

OKTCO - In reference to AEP's response to 1-160c.iii., please provide the following:

- a. The amounts recorded in each of the accounts referenced in AEP's response of 426.3, 430, 431, 449 and 456.1
- b. State whether the amounts recorded in the accounts above were included in the formula rate template.
- c. For the portion of the ADIT that is included in the formula rate, please identify the FERC account(s) in (a) above associated with the underlying ADIT.

Response:

- a. The total amounts recorded in 2019 to the accounts are as follows:

426.3 - \$138,312

430 - \$15,373,607

431 - \$741,356

449 - \$12,241,220

456.1 - \$(130,487,181)

- b. Account 430 is used in the calculation of the Average Cost of Debt on WS M. There is a footnote on FERC Form 1 page 257 that it doesn't tie to the financials because of interest on short term activities from the AEP Money Pool. Account 456.1 is used in the Revenue Credit calculation on WS H and it ties to FERC Form 1 page 300 line 22 and on WS H cell M32.
- c. 190.1

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-79:

SWEPCO - In reference to “1-183_Attachment_1.xlsx”, “1-183 OAJ266 & OAJ267” tab, please describe the following items:

- a. 42155310 Station Equipment
- b. 42155310SWP Station Equipment
- c. 42607236 Station Equipment
- d. 42929861 Station Equipment
- e. 42607236SWP Station Equipment
- f. 42929861SWP Station Equipment

Response:

The gl_je_code OAJ266 represents plant transfers from account 107 (CWIP) to account 106 (Construction not classified) . The gl_je_code OAJ267 represents the plant transfers from account 106 to 101 (Electric Plant in Service). Assets are assigned a retirement unit when the work order is closed and charges are moved to account 101. Please refer to the long descriptions of the same work orders within the attachment for a description of the activity associated with each work order.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-80:

SWEPCO - In reference to AEP's response to 1-183, please provide an explanation as to why the following interconnections that were transmission plant additions shown in 1-183_Attachment_1_GDS are not included on the excluded interconnections file, attachment 1-183_Attachment_3_Set 1.

a. Excel Row 231 – 35300 1060001 – V B Interconnection 69KV Substation : SEP : 0042 – in the amount of \$46,059.81

b. Excel Row 398 – 35300 – 1060001 – V B Interconnection 69KV Substation : SEP : 0042 – in the amount of \$23,325.58

Response:

The two items listed above were not included in the original listing of exclusions and are not considered to be part of SWEPCOs excluded property.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-81:

SWEPCO - In reference to AEP's response to 1-184, thoroughly explain the rationale for transferring the following items from production plant accounts to transmission plant accounts:

- a. Turbogenerator Units
- b. Boiler Plant Equipment
- c. Accessory Electric Equipment
- d. Misc Power Plant Equipment

Response:

Please see the Companies responses to 2-43, 2-44, 2-45, and 2-46 for the reasons for making the transfers. The transfers were made to properly record the investment to the correct utility account. After the transfer was made, the investment was excluded from the formula rate calculation since they were related to GSUs at each plant.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Jason A. Cash

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-82:

SWEPCO - In reference to “1-187_Attachment_1_SWEPCO_Query_1-AECC-ETEC-NTEC.xlsx,” for each of the tabs included in this attachment, please provide granular level detail of the transactions/items included in each account, including: (i) work order number, (ii) long_description, (iii) activity_cost, (iv) journal entry descriptions etc.

Response:

Please see SWEPCO Query Attachment 1-AECC-ETEC-NTEC questions 2-82. For additional support please see 2-15 Attachment 2 for additional Chatfield descriptions.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-83:

SWEPCO - In reference to AEP's response to 1-195 please provide the transaction-level data that include journal entry descriptions and associated amounts that make up the amounts detailed for Account No. 566.

Response:

Please see attachment in question 2-82 for transaction level detail requested.

Date: 12/30/2020

SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up

Responses to AECC-GSEC-ETNC
Set 2 of Data Requests

Data Request 2-84:

SWEPCO - In reference to AEP's response to 1-213, the original question asked about the rationale underlying AEP's allocation choices. In its response, AEP does not appear to provide any rationale to support its allocation choices. Please provide the rationale underlying AEP's allocation choices (e.g., why did AEP allocate 230B 481 a BONUS DEPRECIATION using the PTD allocator).

(FOR REFERENCE, THE SPECIFIC BALANCES ASKED ABOUT IN DR SET 1-213 ARE PROVIDED HERE):

- a. Excel Row 13 - 230B 481 a BONUS DEPRECIATION;
- b. Excel Row 49 - 960F-XS EXCESS ADFIT 282 PROTECTED-AR;
- c. Excel Row 50 - 960F-XS EXCESS ADFIT 282 PROTECTED-FERC;
- d. Excel Row 51 - 960F-XS EXCESS ADFIT 282 PROTECTED-LA;
- e. Excel Row 52 - 960F-XS EXCESS ADFIT 282 PROTECTED-TX;
- f. Excel Row 54 - 960F-XS EXCESS ADFIT 282 UNPROTECTED-AR;
- g. Excel Row 55 - 960F-XS EXCESS ADFIT 282 UNPROTECTED-FERC;
- h. Excel Row 56 - 960F-XS EXCESS ADFIT 282 UNPROTECTED-LA;
- i. Excel Row 57 - 960F-XS EXCESS ADFIT 282 UNPROTECTED-TX;
- j. Excel Row 59 - 282 EXCESS ADJUSTMENT;
- k. Excel Row 66 - 014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET-L/T-AR;
- l. Excel Row 67 - 014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET-L/T-LA;
- m. Excel Row 68 - 014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET-L/T-NE;
- n. Excel Row 69 - 014C-DSIT NOL-STATE C/F-DEF STATE TAX ASSET-L/T-OK;
- o. Excel Row 82 - 660L REG ASSET-DEFERRED LITIGATION COSTS;
- p. Excel Row 86 - 661U REG ASSET-LAWTON SETTLEMENT;
- q. Excel Row 94 - 669J REG ASSET-ENERGY EFFICIENCY RECOVERY;
- r. Excel Row101 - 673U REG ASSET-LA 2015 FRP-SPP DEFERRAL;
- s. Excel Row102 - 673V REG ASSET-LA 2015 FRP-UNREC EQUITY;
- t. Excel Row103 - 673Z REG ASSET-WELSH 2 TX-UNDEPR BAL;
- u. Excel Row104 - 674R REG ASSET-UNDER RECOV-EXCESS TAX ETRR;
- v. Excel Row118 - 960F-XS EXCESS ADFIT 283 - UNPROTECTED-AR;
- w. Excel Row119 - 960F-XS EXCESS ADFIT 283 - UNPROTECTED-FERC;
- x. Excel Row120 - 960F-XS EXCESS ADFIT 283 - UNPROTECTED-LA;
- y. Excel Row121 - 960F-XS EXCESS ADFIT 283 - UNPROTECTED-TX;
- z. Excel Row122 - 283 EXCESS ADJUSTMENT;
- aa. Excel Row 138 - 520A PROVS POSS REV REFDS-A/L
- bb. Excel Row 140 - 520Y PROV FOR RATE REFUND-EXCESS PROTECTED; and
- cc. Excel Row 149 - 605P STOCK BASED COMP-CAREER SHARES.

Response:

a. Bonus depreciation is related to the tax treatment of depreciation on utility assets, therefore this item is allocated based on plant allocator.

b.-i. These items related to protected and unprotected balances in account 282 identified during the re-measurement of tax rates required by the TCJA of 2017. The determination of the recoverable and excluded amounts are determined on WS C-4, which was adopted as part of a settlement filed in FERC Dockets ER18-194 and ER18-195.

j. The Excess Adjustment ADIT items in account 282 and 283 represent balances that are attributable to depreciation, thus supporting the allocation based on plant. These amounts offset each other and should be considered net.

k.-n. DSIT NOL Carryforwards are not allocable balances. The treatment of all DSIT NOL C/F balances should be treated collectively. While the amounts at issue in this specific request are credits, it should be noted that the Company properly excludes related (and significantly larger) SDIT NOL C/F debit balances in account 190 that are shown on the same ADIT worksheet form which the Customer's data request was derived.

o.- u. These are ADIT balances that are associated with Regulatory Assets. Because the assets are not recovered in the formula, these related ADIT balances are not recovered either.

v.- y. See the response for subparts b-i above. These balances are related to excess ADIT and the recoverable and excludable portions are determined on WS C-4.

z. See response to part j. above.

aa. Because the provision for refunds underlying this ADIT balance relate to revenues earned in the provision of electric service, this balance is allocated based on plant balances that support that service.

bb. This represents refunds of protected excess ADIT related to jurisdictions which have not yet ruled on refunding the amounts to customers.

cc. Allocated on labor because it is related to compensation.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-85:

SWEPCO - In reference to AEP's response to 1-213a. through cc. for each of these items, please provide the following:

- a. A detailed description of each item.
- b. Identify the FERC account(s) where underlying expenses or revenues related to each item that gave rise to its respective ADIT were recorded.
- c. State whether each in (b) above was included in the formula rate template.

Response:

- a. See 2-85 Attachment 1 for descriptions.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-86:

SWEPCO - In reference to AEP's response to 1-218, the original question asked about the rationale underlying AEP's allocation choices. In its response, AEP does not appear to provide any rationale to support its allocation choices. Please provide the rationale underlying AEP's allocation choices (e.g., why did AEP allocate Prepaid Pension Benefits using the labor allocator rather than the excludable allocator).

Response:

Please see the response to 2-87 for how each individual account was allocated.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-87:

SWEPCO - In reference to AEP's response to 1-218, AEP did not provide "the rationale underlying AEP's allocation choices for each prepayment item." Please provide this data as requested.

Response:

Please see attachment "2-87 Attachment 1".

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-88:

SWEPCO - In reference to AEP's response to 1-219, please:

- a. Provide the annual schedule of (1) cash contributions and (2) actuarially determined expense for the AEP Pension Plan since its inception.
- b. Explain why AEP records the prepaid pension benefit to FERC Account No. 165 instead of FERC Account No. 182.3.
- c. Thoroughly explain how AEP anticipates that it will unwind the prepaid pension benefit position (e.g., amortize the balance ratably over time).

Response:

- a. SWEPCO cash contributions and expense are in the table below for 2006 to 2019. Other years are not readily available.

SWEPCO

Year	Contributions	Expense
2005	\$0	(\$1,219,722)
2006	\$0	(\$4,791,475)
2007	\$0	(\$2,905,580)
2008	\$0	(\$3,663,168)
2009	\$0	(\$4,738,640)
2010	\$29,065,468	(\$7,009,908)
2011	\$31,263,000	(\$7,391,000)
2012	\$13,192,000	(\$8,211,415)
2013	\$0	(\$12,422,427)
2014	\$3,832,000	(\$11,085,101)
2015	\$8,052,000	(\$10,200,016)
2016	\$8,342,000	(\$9,058,916)
2017	\$8,890,000	(\$8,858,583)
2018	\$0	(\$8,115,758)
2019	\$0	(\$6,594,340)

- b. It is appropriate to include prepaid pension expense in rate base because the formula rate includes a provision allowing these costs in rate base – Attachment H Addendum 12, Part 3, Worksheet D includes a line item for “Prefunded Pension Expense” under Prepayments Account 165. Further, for ratemaking purposes, the cash prepaid pension balance in Account 1650010 should be included in rate base. The annual amount of pension cost is calculated in accordance with Accounting Standards Codification (ASC) 715, Compensation – Retirement Benefits. The prepaid pension asset is the cumulative amount of cash contributions to the pension trust fund beyond the cumulative amount of ASC 715 pension cost included in the income statement and cost of service. This cash prepaid pension asset balance in Account 1650010 represents a cash

investment that should be included in rate base so that the Company can recover its cost of funds on the additional cash contributions, which serve to reduce pension cost through additional trust fund investment income.

c. AEP's pension plan is still an active pension plan with new employees being admitted into the plan. Pension benefits will continue to be paid from the trust until the final participant has been fully paid and the plan no longer has an obligation to any participants.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-89:

SWEPCO - In reference to AEP's response to 1-219a.iii., please provide an explanation for recording this prepayment in the formula rate when the ultimate account it is expensed to is not included in the formula rate template.

Response:

This account was allocated in a manner consistent with ratemaking treatment followed in prior annual updates.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-90:

SWEPCO - In reference to AEP's response to 1-219d., please identify the types of customers that are subject to this sales tax (e.g. retail, wholesale, government etc.)

Response:

Generally, retail sales to all customers are subject to sales tax, unless specifically exempted or valid exemption certificate is provided by the customer. Public authority accounts are exempt from sales tax. Nursing home accounts and residential accounts are exempt from state and county sales tax. Some cities exempt residential and nursing home retail sales, some cities tax these sales. Wholesale is exempt with property exemption document.

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-91:

SWEPCO - In reference to “1-222 Attachment 2_AECC-ETEC-NTEC.xlsx,” “Misc Rev by BU” tab, please explain what is the “Used in All Consolidations” line item on Excel row 37 and explain why it is allocated to distribution and transmission, but not to generation.

Response:

Facilities in FERC subaccount 4540001 are transmission and distribution related facilities and not generation facilities, primarily office and service center facilities, to which the consolidation or elimination entry applies. The transmission revenue in this account becomes zero after the consolidation adjustment properly eliminates offsetting amounts.

Date: 12/30/2020

SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up

Responses to AECC-GSEC-ETNC
Set 2 of Data Requests

Data Request 2-92:

SWEPCO - In AEP's response to "1-225_Attachment 1_AECC-ETEC-NTEC.xlsx," please provide the following:

- a. Excel Row 12 – 2012 TX Filing - Fuel Rec
 - i. A detailed description of this filing.
 - ii. State whether this filing supports AEP's generating units.
 - iii. Identify whether this supported a distribution rate case. If not, please explain what rate case these expenses are related to.
 - iv. Provide any associated dockets related to (iii) above.
- b. Excel Row 13 – Rate Case Support - SWEPCO Formula rate
 - i. State whether this is related to SWEPCo's distribution rate case. If not, please explain what rate case these expenses are related to.
 - ii. Provide any associated dockets related to (i) above.
 - iii. Identify the vintage of this formula rate case.
- c. Excel Row 14 – SWEPCO Tx Rate Case Exp
 - i. A detailed description as to how this filing supported the rate case.
 - ii. Identify whether this supported a distribution rate case. If not, please explain what rate case these expenses are related to.
 - iii. Provide any associated dockets related to (ii) above.
 - iv. Identify the vintage of this formula rate case.
- d. Excel Row 15 – SWEPCO Tx Tax Filing
 - i. A detailed description as to how this filing supported the rate case.
 - ii. Identify whether this supported a distribution rate case. If not, please explain what rate case these expenses are related to.
 - iii. Provide any associated dockets related to (ii) above.
 - iv. Identify the vintage of this formula rate case.
- e. Excel Row 16 – 2018 AR IRP FILING - Rate Case Support
 - i. Provide a detailed description of this item and a copy of the IRP filing.
 - ii. State whether this is related to SWEPCo's distribution rate case or if this was filed at the public service commission. If not, please explain what rate case these expenses are related to.
 - iii. Provide any associated dockets related to (ii) above.
 - iv. Explain why the 2018 amounts are being recorded in 2019.
- f. Excel Row 17 – 2017 Tx Fuel Reconciliation-Rate Case Support
 - i. A detailed description of this filing.
 - ii. State whether this supports AEP's generating units.
 - iii. Identify whether this supported a distribution rate case. If not, please explain what rate case these expenses are related to.
 - iv. Provide any associated dockets related to (iii) above.
 - v. Explain why the 2017 amounts are being recorded in 2019.

g. Excel Row 19 – '2019 LA IRP Filing - Rate Case Support

i. Provide a detailed description of this item and a copy of the IRP filing.

ii. State whether this is related to SWEPCo's distribution rate case or filed at the public service commission. If not, please explain what rate case these expenses are related to.

iii. Provide any associated dockets related to (ii) above.

Response:

See 2-92 Attachment

Date: 12/30/2020

**SPP Formula Rate True-up for 2019 - Discovery
FERC Docket No ER18-194, ER18-195 - 2019 True-up**

**Responses to AECC-GSEC-ETNC
Set 2 of Data Requests**

Data Request 2-93:

SWEPCO - In reference to AEP's response to 1-226, 2019 Ark Base Case, please provide the justification for recording a distribution rate case under "Arkansas PSC Docket No. 19-008-U" to transmission.

Response:

When a rate filing is initiated, SWEPCO establishes a unique work order to capture the costs of that filing. In establishing the work orders used to capture the costs for the state rate cases, a benefiting location, or multiple benefiting locations, are chosen that properly assign a portion of the work order charges to each of SWEPCO's general ledgers. This ensures that the expenses that are charged to that work order are assigned directly to either SWEPCO's Transmission general ledger, Generation general ledger, or Distribution general ledger, or a combination of ledgers. These ledgers are maintained separately in SWEPCO's accounting system, and are combined for FERC Form 1 and other reporting. After the work order request is made to the AEPSC general ledger group, a supervisor in that area reviews the request and makes a determination of the appropriate ledgers that should be assigned costs under that work order. This determination is done in conjunction with the business person who made the initial request for a work order.

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Data Request 2-94:

ALL OPCos and TRANCos - In reference to AEP's response to 1-228i., AEP indicates that it is recording PUC fees to Account 408 because "After analyzing several utilities' FERC Forms for treatment of these types of charges, there wasn't any consistency being applied across the industry. Some utilities charged to FERC Account 408 and some charged to FERC Account 928. Therefore, SWEPCO decided to charge this activity to FERC Account 408." Please reconcile this statement with the USoA instructions there are types of expenses included in Account 928 other than formal cases. The instructions for FERC Account 928 explicitly state: "A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act."

Furthermore, in the Audit Report issued in FERC Docket No. FA92-15, FERC addressed this issue directly:

4. Accounting for Regulatory Commission Expenses

The Company used the wrong account to classify regulatory commission expenses.

The New Mexico Public Service Commission (NMPSC) bills the Company an annual assessment for its inspection and supervision costs.

The Company recorded the NMPSC annual assessment in Account 165, Prepayments, and amortized the amount to Account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, over the subsequent twelve months. It charged \$636,038 and \$666,161 to Account 408.1, for 1990 and 1991 respectively. Discussion of Accounting Requirements

The Company did not record the assessment in the proper operating expense account.

The instruction to Account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, state in part: This account shall include those taxes other than income taxes which relate to utility operating income. . . .

The instructions to Account 928, Regulatory Commission Expense, of the Uniform System of Accounts state in part:

A. This account shall include all expenses . . . properly includible in utility operation expenses, incurred by the utility in connection with formal cases before regulatory commissions . . . including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission . . . and also including payments made to the United States for the administration of the Federal Power Act. [Emphasis added.]

Under the previously mentioned requirements, the Company should have recorded the regulatory

assessment in Account 928, instead of using Account 408.1.

Recommendation

We recommended the Company revise procedures to ensure that it records the NMPSC assessment in Account 928.

Response:

Please see the Company's response to 2-11 in this set of data requests. The referenced audit report issued during the early 90's, while potentially providing guidance for similar situations, is not binding Commission precedent. That guidance is not applicable to the Companies' formula rate update, and FERC has made no such audit finding to SWEPCO or its affiliated companies regarding this issue, despite the opportunity to do so in the findings of audits performed by FERC Staff on AEP Service Corporation and AEP Ohio Power Company (FERC Dockets FA17-1 and FA17-2, respectively).

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