

**ER18-194-000 & ER18-195-000 West FR 2021 ATRR Discovery
FERC Docket No ER18-194 & 195 West FR 2021 ATRR Discovery**

**Responses to Multiple Intervenors
Set JI-3 of Data Requests**

Data Request 01:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-10a., AEP West provided an illustrative example of the ratemaking stand-alone NOLC method. Please provide or explain:

- a. On what basis (consolidated return or separate return) are the Taxable Income amounts of (\$2,857) for years 2015 to 2017 determined?
- b. On what basis (consolidated return or separate return) are the NOLC DTA amounts of \$1,000 for the years 2015 to 2017 determined?
- c. Are the NOLC DTA amounts of \$1,000 ratemaking only adjustments or are these amounts recorded on the AEP West OpCos’ and TransCos’ books for accounting purposes?

Response:

- a. The taxable income amounts for years 2015 to 2017 are determined on a separate return basis.
- b. The NOLC DTA amounts for the years 2015 to 2017 are determined on a separate return basis.
- c. The NOLC DTA amounts are ratemaking only adjustments.

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Data Request 02:

In reference to the response to JI-1-10a, AEP West explained that, under its ratemaking stand-alone NOLC method, “[e]xcess related to the NOLC is considered deficient and will offset the excess related to the deferred liability and reduce the total excess benefit.” AEP West has explained that, under its stand-alone NOLC method, it includes ratemaking adjustments in Accounts 2821001 and 2831001 for excess/deficient NOL Adjustment ADIT amounts. The Commission’s accounting and ratemaking rules require ADIT excesses and ADIT deficiencies to be treated as regulatory liabilities (in Account 254) and regulatory assets (in Account 182.3), respectively. Please explain the reasons why the AEP West companies used Accounts 2821001 and 2831001 to include ratemaking adjustments for deficiencies in NOLC ADIT when the Commission requires ADIT deficiencies to be classified in Account 182.3.

Response:

Account 2821001 is for property related timing differences. Protected excess and deficient taxes are recorded to this account for the stand-alone NOL resulting from tax depreciation. Account 2831001 is used for non-property related timing differences. The excess and deficient tax that was not a result of tax depreciation is recorded to account 2831001.

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Data Request 03:

In reference to the illustrative example provided in the response to JI-1-10a., AEP West stated the Tax Cuts and Jobs Act (TCJA) remeasurement of the stand-alone NOLC ratemaking adjustments “maintains the same rate base before and after the tax rate change.” Please confirm:

- a. The AEP West OpCos and TransCos had not implemented the ratemaking stand-alone NOLC method immediately prior to the effective date of the TJCA, and if unable to confirm, please explain the reasons why;
- b. The AEP West OpCos and TransCos had not implemented the ratemaking stand-alone NOLC method on the effective date of the TCJA, and if unable to confirm, please explain the reasons why; and
- c. The AEP West OpCos and TransCos did not remeasure their stand-alone NOLC deferred income tax ratemaking balances and did not reflect adjustments for accounting purposes and ratemaking purposes in an annual update effective January 1, 2018 or at any time during calendar year 2018, and if unable to confirm, please explain the reasons why.

Response:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.

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Data Request 04:

In reference to the illustrative example provided in response to JI-1-10a., AEP West asserted the TJCA remeasurement of the ratemaking stand-alone NOLC adjustments “maintains the same rate base before the tax rate change.” Please confirm that:

- a. This claim is only true if the AEP West OpCos and TransCos had included stand-alone NOLC ratemaking adjustments in Annual Update filings and as adjustments to rate base prior to the effective date of the TCJA, and if unable to confirm, please explain the reasons why; and
- b. In the first year the stand-alone NOLC ratemaking adjustments were included in Annual Update filings, the inclusion of the ratemaking adjustments resulted in a change in the Rate Base calculation and in the Income Tax Allowance calculation when compared to the calculation of Rate Base and the Income Tax Allowance if the ratemaking adjustments had not been included in Annual Update filings, and if unable to confirm, please explain the reasons why.

Response:

- a. Confirmed. The illustrative example in JI-1-1a showed the NOLC as if it was recorded on a stand-alone basis in rate base before TCJA. However, Excess Accumulated Deferred Income Taxes needs to include the stand-alone NOLC deficient tax even though it is a change to previous ratemaking practice. Please see the below illustrative example and narrative for the necessity of inclusion of the deficient tax related to the NOLC in the Excess ADFIT balance.

| | |
|---|---------------------------|
| | Taxable Income |
| Pre-Tax Book Income | 10,000 |
| Accelerated Tax Deduction | (11,000) |
| | <hr/> |
| Taxable Income (Loss) | (1,000) |
| Net Tax Loss Carry Forward | 1,000 |
| | <hr/> |
| Taxable Income After Net Operating Loss | 0 |
| | 21% |
| | <hr/> |
| Current Tax Expense | 0 |
| | <hr/> |

In the above example, the accelerated tax deductions exceed the pre-tax book income, the utility has a NOL of \$1,000 and therefore no current tax payable to the IRS. The \$2,100 difference between the total tax expense of \$2,100 and the current tax expense of \$0 is the tax liability the utility was able to defer. As customers have provided \$2,100 for tax expense in rates that the utility does not currently owe to the IRS, it is fair and equitable to reduce rate base by the \$2,100 ADFIT.

| | Taxable Income | | Tax Rate | (DTL) / DTA |
|---|---------------------------|---|---------------------|--------------------|
| Pre-Tax Book Income | 10,000 | | | |
| Accelerated Tax Deduction | (11,000) | x | 21% | <u>(2,310)</u> |
| | | | | (2,310) |
| | <hr/> | | | |
| Taxable Income (Loss) | (1,000) | | | |
| Net Tax Loss Carry Forward | 1,000 | x | 21% | <u>210</u> |
| | | | | 210 |
| Taxable Income After Net Operating Loss | 0 | | | <u>(2,100)</u> |
| | 21% | | | |
| | <hr/> | | | |
| Current Tax Expense | 0 | | | |
| | <hr/> | | | |

As you can see, the \$2,100 ADFIT includes both a deferred tax liability of \$2,310 (11,000 x 21%) related to the accelerated tax deduction as well as a deferred tax asset of \$210 (1,000 x 21%) related to the NOL carryforward. In both examples, the ADFIT rate base reduction is directly tied to the deferred tax expense included in rates. In order to maintain consistency between deferred tax expense and rate base, it is necessary to include both the deferred tax liability of \$2,310 and the deferred tax asset of \$210 in the total ADFIT used to calculate rate base.

b. Confirmed.

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Data Request 05:

In reference to the response to JI-1-10b., please provide a copy of and explain the Internal Revenue Code's normalization rules that "require utility ratemaking to apply a normalized method of accounting with respect to tax benefits associated with accelerated depreciation, NOLCs due to accelerated depreciation, and ITCs" and how the normalization rules are applied to a utility's tax benefits associated with accelerated depreciation that are utilized on a consolidated tax return when the utility is a member of the consolidated return group.

Response:

The Internal Revenue Code (Code) and accompanying treasury regulations provide normalization requirements in three specific areas: 1) Accelerated depreciation and the associated deferred tax liability that results from its use; 2) NOL Carryforwards (NOLC) result from accelerated depreciation; and 3) Investment Tax Credits (ITC). The Code also provides penalties should a Commission/Utility violate these provisions.

The Code dictates that a regulated public utility must use the normalization method of accounting to calculate tax expense on temporary differences associated with accelerated depreciation when determining rates using a cost of service/rate of return methodology. 26 U.S. Code §168(i)(9)(A) states that in order for a public utility to be considered to be using a normalized method of accounting:

- (i) the taxpayer must, in computing its tax expense for purposes of establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, use a method of depreciation with respect to such property that is the same as, and a depreciation period for such property that is no shorter than, the method and period used to compute its depreciation expense for such purposes, and
- (ii) if the amount allowable as a deduction under this section with respect to such property (respecting all elections made by the taxpayer under this section) differs from the amount that would be allowable as a deduction under section 167 using the method (including the period, first and last year convention, and salvage value) used to compute regulated tax expense under clause (i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference[1].

The normalization requirements that relate to NOLC are specifically addressed in Treasury Regulation § 1.167(l)-1(h)(1)(iii), which states:

If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (l) method for purposes of determining the taxpayer's reasonable allowance under section 167(a) results in a net operating loss carryover (as determined under section 172) to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under

section 167(a) using a subsection (l) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

[1] 26 U.S.C. § 168(i)(9)(A).

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Data Request 06:

In reference to the response to JI-1-10c., the response discussed the “Benefits-for-Loss” method. Please provide:

- a. A copy of authoritative literature including Internal Revenue Code guidelines or requirements that describes and illustrates the “Benefits-for-Loss” method;
- b. An illustrative example of the “Benefits-for-Loss” method showing the GAAP method for allocating the current and deferred income tax expense from the consolidated return and the modifications made by the AEP West OpCos and TransCos so that “the NOLC deferred tax asset (DTA) is a reflection of the consolidated NOL, not each company’s stand-alone NOLC”; and
- c. An explanation of AEP West’s definitions and meanings of the terms “stand-alone basis,” “separate-return basis,” and “separate-return method” used in this response and whether these terms have the same meaning or different meanings.

Response:

- a. The Internal Revenue Code (IRC) does not address tax accounting which is required for SEC reporting purposes; the guidance is provided by the Accounting Standards Codification (ASC), specifically section ASC-740, *Income Taxes*. ASC 740 is a voluminous guide and code sections can be accessed publicly. As discussed in response to JI-1-1c, ASC-740-10-30-27 provides the requirements for the accounting for taxes in a consolidated group.
- b. Please see JI-3-6 Attachment 1.
- c. SEC Reporting
The “separate return method” terminology used by the SEC is a method of allocating taxes amongst the members of an affiliate group. This methodology allocates current and deferred taxes to members of the group as if it were a separate taxpayer.

FERC Financial Reporting

FERC issued AI93-5-000 to discuss the acceptable accounting for income taxes, addressing both a “separate return method” and a “stand alone method” of accounting. FERC describes the separate return method as a method that allocates current and deferred taxes to members of the group as if each member were a separate taxpayer, which is similar to the definition of separate return used by the SEC. Under the separate return method, the sum of the individual member’s allocations will not align with the consolidated tax return. In AI93-5-000, FERC also defines the “stand alone method” and distinguishes it from the “separate return method”. The “stand alone method” allocates the consolidated group tax expense to individual members through the recognition of the benefits/burdens contributed by each member of the consolidated group to the consolidated return. Under this method, the sum of the amounts allocated to individual members equals the consolidated amount. FERC

concludes in AI93-5-000 that FERC requires the use of the “stand alone method” and expressly provides that the use of the “separate return method” will not be permitted for FERC financial accounting and reporting (FERC Forms 1 and 3) as set forth below:

The FERC has issued several decisions rejecting the use of the separate return method for determining income tax expense when an entity files as part of a consolidated group. Instead, the FERC relies on the standalone method of allocating income taxes between members of a consolidated group.

Under the standalone method the consolidated tax expense is allocated to individual members through recognition of the benefits/burdens contributed by each member of the consolidated group to the consolidated return. Under the standalone method, the sum of amounts allocated to individual members equal the consolidated amount.

FERC Ratemaking

FERC Opinion No. 173 describes the “stand alone method” as an income tax allowance “that takes into account the revenues and costs entering into the regulated cost of service without increase or decrease for tax gains or losses related to other activities . . .” The stand-alone method results in the tax allowance being equal to the tax the utility would pay on the basis of its projected revenues less deductions for all operating, maintenance, and interest expenses included in the cost of service. Based on this definition, for ratemaking purposes, the FERC-approved tax allocation method for ratemaking purposes aligns with the SEC definition of “separate return method” despite using the term “stand alone method” in that the tax expense is only attributable to the cost of service and the activities involved in providing service to a utility’s customers.

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Data Request 07:

In reference to the response to JI-1-10c. and the illustrative example, AEP West stated “[a]s a result of the benefits-for-loss tax accounting, the NOLC deferred tax asset (DTA) is a reflection of the consolidated NOL, not the company’s stand-alone NOLC.” Please explain how the NOLC DTA is properly characterized as a reflection of the consolidated NOL when the illustrative example demonstrates the Deferred Tax Asset - NOLC was removed from Utility A’s books when Utility A has a “Receipt of Cash for Losses from affiliates” and AEP West explained that the NOLC ratemaking adjustments are necessary to reflect a stand-alone method.

Response:

The NOLC that is recorded on the books is a result of the benefits-for-loss method. The Stand-Alone NOLC DTA is for ratemaking.

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Data Request 08:

In reference to the responses to JI-1-10d and JI-1-10g, please explain the reasons why the AEP West OpCos and TransCos recorded no accounting entries on their books and reported no adjustments in their FERC Form 1 reports, equivalent to the stand-alone NOLC ratemaking adjustments to accumulated deferred income taxes (“ADIT”) included on the annual and projected revenue requirement ADIT worksheets (e.g., WS C-1 and WS C-2) and the amortization of deficient NOLC ADIT resulting from the TCJA remeasurement of the stand-alone NOLC ADIT ratemaking adjustments.

Response:

Please see response JI-3-6(c). For SEC and FERC final reporting (FERC Form 1) the entries are accurate. The stand-alone NOLC is a ratemaking adjustment only.

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Data Request 09:

In reference to the response to JI-1-10h., please confirm that the use of the term stand-alone in the response explaining that state NOLs are calculated and reported in FERC Form 1 on a stand-alone basis is equivalent to computing and reporting state NOLs on a separate return basis, and if unable to confirm, please explain the reasons why.

Response:

Confirmed.

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Data Request 10:

In reference to the response to JI-1-10h., please provide a narrative explanation and illustrative example for the AEP West companies on how the state NOLs are accounted for, why the state NOLs are accounted for differently than federal NOLs, and how this accounting method produces a stand-alone result.

Response:

The state NOLs are dependent on the particular state requirements and not associated with the normalization rules to which the federal NOLs are subject.

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Data Request 11:

In reference to the response to JI-1-10j., please confirm that, under a separate return method, the sum of Net Operating Loss carryforwards amounts allocated in a tax year to individual members of the AEP consolidated group for the consolidated federal tax return may differ from sum of the consolidated amount of Net Operating Loss carryforwards and may be greater than the total consolidated amount, and if unable to confirm, please explain why.

Response:

Under a separate return method, Net Operating Loss Carryforwards are not allocated. Each individual member of a consolidated group will calculate their net operating loss as if it were filing a separate tax return. In such a case, the sum of the individual net operating losses will not equal the consolidated net operating loss.

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Data Request 12:

In reference to the response to JI-1-10j., AEP West explained “[u]nder the standalone method the consolidated tax expense is allocated to individual members through recognition of the benefits/burdens contributed by each member of the consolidated group to the consolidated return. Under the standalone method, the sum of amounts allocated to individual members equal the consolidated amount.” Please confirm that AEP West companies’ stand-alone NOLC ratemaking adjustments included in Accounts 190, 282, and 283, effectively adjust for ratemaking purposes, the stand-alone allocations of the consolidated tax expense allocated to each of the AEP West companies such that the sum of the consolidated amounts allocated, as adjusted by the stand-alone NOLC ratemaking adjustments, will no longer equal each AEP West company’s allocation of the consolidated amount. If unable to confirm, please explain the reasons AEP West is unable to confirm.

Response:

Confirmed.

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Data Request 13:

In reference to the response to JI-1-10k., please provide the docket numbers and descriptions of each state proceeding in Arkansas, Louisiana, Oklahoma, and Texas that considered AEP West's stand-alone method for NOL Carryforwards ADIT and/or ADIT deficiencies related to the stand-alone method for NOL Carryforwards ADIT, and copies of any retail orders allowing rate recovery of stand-alone treatment for NOLs Carryforwards ADIT and/or ADIT deficiencies.

Response:

Southwestern Electric Power Company and Public Service Company has presented the Stand-Alone method for Net Operating Losses in their jurisdictions of Arkansas (Docket No. 21-070-U, Louisiana (Docket No. U-35441), Oklahoma (Cause No. PUD 202100055), and Texas (SOAH Docket No. 473-21-0538 PUC Docket No. 51415). The companies are awaiting the Internal Revenue ruling on the Public Letter Ruling for the stand-alone NOLC.

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Data Request 14:

In reference to the response to JI-1-10m., please confirm that AEP West's stand-alone method produces the same results regarding the utilization of and calculation of carrybacks and carryforwards of net operating losses as would a Separate Return Method for the AEP West companies. If unable to confirm, please explain how the calculation of the utilization, carryback and carryforward of net operating losses would differ under the two methods (i.e., stand-alone method and separate return method).

Response:

Confirmed. Please see response in JI-3-6 (c) for FERC Ratemaking.

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Data Request 15:

In reference to the response to JI-1-10m., please confirm that AEP West's stand-alone NOL Carryforwards ratemaking adjustments do not factor into the AEP West transmission revenue requirement calculations the value of the cash flow tax benefits the AEP West companies received from affiliated entities' use of the AEP West companies' net operating losses on the AEP consolidated federal income return. If unable to confirm, please explain how the value of the cash flow tax benefits are factored into the AEP West companies' transmission revenue requirements.

Response:

Confirmed.

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Data Request 16:

In reference to the response to JI-1-10m., AEP West stated “[a] stand-alone DTA, the methodology adopted here, does not include tax payments from affiliated entities...until the tax benefit of the NOLC has actually been realized, there is not interest-free loan from the federal government.” Please confirm that the AEP West companies receive payments from affiliate companies pursuant to allocations made for the AEP consolidated federal tax return for NOLs that are realized and utilized on the consolidated returns that represent interest-free loans to the AEP federal consolidated group. If unable to confirm, please explain why the utilization of the AEP West companies’ NOLs on the consolidated federal tax return do not represent interest-free loans from the federal government.

Response:

Confirmed.

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Data Request 17:

In reference to the response to JI-1-1m., please confirm that, to the extent the AEP consolidated tax group has fully utilized an AEP West OpCo's or TransCo's federal net operating loss computed on a federal consolidated income tax basis, the net operating loss has been utilized for income tax purposes with a taxing authority and cannot be claimed on a future income tax filing with that taxing authority, and if unable to confirm, please explain the reasons why.

Response:

Confirmed.

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Data Request 18:

In reference to the response to JI-1-10o., please explain whether the AEP West companies actually included in the 2020 ATRR and True-Up calculations stand-alone NOL Carryforwards ADIT ratemaking adjustments in Accounts 1901001, 2821001, and 2831001, and included amortization of the deficiencies in ADIT of the NOL Carryforward ADIT ratemaking adjustment reducing the input on line 116 of the Income Tax Allowance calculation thereby reducing the Income Tax Allowance input for the amortization of Excess Deferred Income Taxes under the Tax Cuts and Jobs Act.

Response:

For the 2020 ATRR and True-up calculations, AEP West companies did not include the stand-alone NOLC. The companies did provide the NOLC balances with the 2021 filing.

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Data Request 19:

In reference to the response to JI-1-10o., please identify the ratemaking adjustments included in the AEP West 2020 ATRR and True-Up calculations for AEP West's stand-alone method for NOLs carryforwards ADIT by ATRR schedule or worksheet reference, line number, column reference, etc.

Response:

Please see response in JI-3-18.

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Data Request 20:

In reference to JI-1-11 Attachment 1, please identify on what AEP West ATRR schedules or worksheets the referenced inputs are included for “960-X5 410/411-Excess Deferred Tax (Line 119)” on a Total Company basis and on a Transmission functional basis on December 31, 2020 and on December 31, 2021.

Response:

These inputs are included in the Excess Deferred Income Tax row in the TCOS tabs for each company. This is found on the 2022 AEP Template, Tab TCOS, Row 105 for the OpCo’s, and row 109 on the Trans Co’s. This row includes the sum of the 2021 protected excess and protected deficient amortization, as well as the 2021 unprotected excess amortization.

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Data Request 21:

Regarding the response to JI-1-16, please provide copies of the private letter ruling requests submitted to the Internal Revenue Service for any AEP West company and any private letter rulings issued by the Internal Revenue Service in response.

Response:

The PLR request and other correspondences are confidential and cannot be provided. The Company is awaiting the IRS response.

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Data Request 22:

In reference to JI-1-17 Attachment 1, please provide or explain:

- a. A workpaper (in a workable Excel format) showing for each AEP West company the buildup of the Account 1901001 stand-alone NOL Carryforward ADIT adjustment amount by tax year and identifying the stand-alone NOL amount and the applicable income tax rates used to derive the Account 1901001 balance;
- b. A workpaper (in a workable Excel format) the Account 1901001 stand-alone NOL Carryforwards ADIT adjustment balance for each AEP West company immediately prior to the December 31, 2017 remeasurement under the Tax Cuts and Jobs Act;
- c. For each AEP West company, provide each company's tax return calculation of taxable income or loss listed in column D of attachment JI-1-17 Attachment 1; and
- d. What is the Deficient Offset?

Response:

- a. In JI-1-17 Attachment 1, the buildup of Account 1901001 is shown in the row labeled "Account 190". Each cell in this row references the "NOL Vintage Years" schedule which is shown at the top of this attachment for each company. In specific, the buildup of stand-alone NOL Carryforward in account 1901001 is the accumulated taxable income/(loss) amount for each year. For tax years prior to 2017, the federal tax rate was 35%. For tax years 2017 and onward, the federal tax rate is 21%. This is also reflected in the cell formulas in the "Account 190" row.
- b. This balance can also be found in the row labeled "Account 190". Please see this row and find the column labeled "2016" to see the balance immediately prior to December 31, 2017.
- c. Each company's taxable income or loss as found in Column D of Attachment JI-1-17 Attachment 1 is based on each company's proforma tax returns. Each company's tax return calculation of taxable income or loss is based on each company's proforma tax return. This information is confidential in nature.
- d. Deficient Offset is the deficient amortization of the Deficient Tax related to the Net Operating Loss Carryforward calculated on a stand-alone basis. Deficient Taxes are created when a statutory tax rate changes causing a remeasurement of deferred taxes. When a Deferred Tax Asset is remeasured from a higher tax rate to a lower tax rate (i.e., 35% to 21%), deficient ADIT is created as a result. This is in contrast to the remeasurement of a Deferred Tax Liability which results in excess ADIT.

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Data Request 23:

In reference to JI-1-17 Attachment 1, the Excel worksheets for PSO, SWEPCo, and OKT explain “Final Balance of 2821001 Adjustment for 12.31.2020 (inadvertently excluded the 2019 RTP in the 2021 ATRR)” and “Final Balance of 2821001 Adjustment as of 12.31.2021 (inadvertently excluded the 2019 and 2020 RTP in the 2021 ATRR).” For each AEP West company, please provide:

- a. The amounts of the RTP adjustments that were excluded from the 2021 ATRR;
- b. The corrected adjustment balance for Account 2821001 for December 31, 2020;
- c. The amounts of the 2019 and 2020 RTP adjustments that were excluded from the December 31, 2021 ATRR;
- d. The corrected adjustment balance for Account 2821001 for December 31, 2021; and
- e. An explanation of how AEP West will update the Account 2821001 inputs for December 31, 2020 and December 31 2021 and recompute the 2021 ATRR and True-Up calculations.

Response:

- a. The RTP adjustments that were excluded from the 2021 ATRR are identified in JI-1-17 Attachment 1. For the 2019 RTP, see the row labelled “2019 RTP Deficient Offset”. For the 2020 RTP, see the row labelled “2020 RTP Deficient Offset”.
- b. The corrected adjustment balance for Account 2821001 for December 31, 2020, can be found on the row labelled “Final Balance of 2821001 Adjustment for 12.31.2020 (inadvertently excluded the 2019 RTP in the 2021 ATRR)”.
- c. The RTP adjustments can be found on the rows labeled “2019 RTP Deficient Offset” and “2020 RTP Deficient Offset”.
- d. The corrected adjustment balance can be found on the row labeled “Final Balance of 2821001 Adjustment as of 12.31.2021 (inadvertently excluded the 2019 and 2020 RTP in the 2021 ATRR).”
- e. AEP West will update Account 2821001 for these balances through future ATRR filings. The 2022 ATRR (to be filed in May 2023) will include the correct December 31, 2021, balance which will reflect the 2019 and 2020 RTP.

Date: 11/22/2022

**ER18-194-000 & ER18-195-000 West FR 2021 ATRR Discovery
FERC Docket No ER18-194 & 195 West FR 2021 ATRR Discovery**

**Responses to Multiple Intervenors
Set JI-3 of Data Requests**

Data Request 24:

In reference to response to JI-1-17 Attachment 1, Joint Intervenors request a technical conference call with AEP to discuss the data, calculations, and information included on the AEP West OpCos' and TransCos' worksheets which also provide responses to or support answers to other questions (for example, JI-1-11, 18, 21, 22, 23, and 25) in the Joint Intervenors' discovery Set 1.

Response:

Yes, the Company will accept a technical call.

Date: 11/22/2022

**ER18-194-000 & ER18-195-000 West FR 2021 ATRR Discovery
FERC Docket No ER18-194 & 195 West FR 2021 ATRR Discovery**

**Responses to Multiple Intervenors
Set JI-3 of Data Requests**

Data Request 25:

In reference to the response to JI-1-19 Attachment 1, Joint Intervenors request a technical conference call with AEP to discuss the “with” and “without” calculations shown on the worksheets provided in attachment JI-1-19 Attachment 1 of the response to JI-1-19.

Response:

Yes, the Company will accept a technical call.

Date: 11/22/2022

**ER18-194-000 & ER18-195-000 West FR 2021 ATRR Discovery
FERC Docket No ER18-194 & 195 West FR 2021 ATRR Discovery**

**Responses to Multiple Intervenors
Set JI-3 of Data Requests**

Data Request 26:

In reference to the response to JI-1-21 that stated, “Please see JI-1-17 Attachment 1 for the allocation of 282 and 283 which were based off of the functional book excess balances as of TCJA 2017.” For each OpCo and TransCo, please provide workpapers (in a workable Excel format) showing the calculation of the “functional book excess balances as of TCJA 2017” used to compute the allocation of the deficient ADIT between Accounts 282 and 283.

Response:

Please see the case history of the AEP West Operating and Transmission Companies' applications arising out of the FERC's Order 864 for the requested information. The specific dockets are ER20-2574 for the West Operating Companies, and ER20-2577 for the West Transmission Companies.

Date: 11/22/2022

**ER18-194-000 & ER18-195-000 West FR 2021 ATRR Discovery
FERC Docket No ER18-194 & 195 West FR 2021 ATRR Discovery**

**Responses to Multiple Intervenors
Set JI-3 of Data Requests**

Data Request 27:

In reference to the response to JI-1-30 which states “[t]he account 2831001 balance will be settled when all of the unprotected is amortized and refunded back to customers.” Please explain:

- a. What method and amortization period will be used to amortize the unprotected deficiency shown in Account 2831001;
- b. Was any of the unprotected deficiency shown in Account 2831001 amortized in 2020 or 2021 for SWT and if so, how much?;
- c. Has AEP West sought, or will AEP West seek Commission approval of the method and amortization period to be used to amortize the unprotected ADIT deficiency?;
- d. How will the amortization of the unprotected deficiency result in a refund to customers?; and
- e. Why is the amortization of the unprotected ADIT deficiency is not occurring over the same period that other unprotected ADIT deficiencies and excesses are being amortized?

Response:

- a. The unprotected deficient ADIT has not been amortized. An amortization period needs to be agreed upon or ordered by the Commission.
- b. No.
- c. Yes, AEP will seek Commission approval of the amortization period to be used to amortize the unprotected ADIT deficient.
- d. The unprotected deficient amortization will not result in a refund to customers.
- e. The 2831001 unprotected excess and deficient amounts are two different calculations. The unprotected deficient amounts are based off the stand-alone NOLC balance as of TCJA 2017. The Commission will need to approve an amortization period to be used.

Date: 11/22/2022