

**AEP East ER-17-405 & 406 Formula Rate 2024 PTRR Discovery
FERC Docket No ER17-405-000 & ER17-406-000 2024 PTRR**

**Responses to JOINT
Set 01 of Data Requests**

Data Request JI-1-1:

In reference to Slide 9 (Projected Gross Plant Investment), the Operating Companies projected gross plant investment increased by about \$269.5 million for APCo, \$43.7 million for I&M, \$102.2 million for KPCo, \$9.6 million for KgPCo, \$262.4 million for OPCo, and \$1.3 million for WPCo. For each company's 2024 projected increase in gross plant investment, please identify and describe:

- a.: Each intangible, transmission, and general asset that is projected to be added to plant in service in 2024, and the projected cost of each new asset.
- b.: Each retirement of intangible, transmission, and general plant projected to occur in 2024 and the cost of the plant to be retired.

Response:

- a) See JI-1-1 Attachment 1 for the forecasted Plant to be Placed in Service in 2024.
- b) See JI-1-1 Attachment 2 for the forecasted retirements in 2024.

Please note, the numbers in the PTRR are control numbers which are slightly different from the locked control forecast in the attachments.

Date: 1/19/2024

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Data Request JI-1-2:

In reference to Slide 10 (2024 Projected vs 2023 Projected O&M Expense), the Operating Companies projected 2024 O&M expenses increased or decreased compared to the projected 2023 O&M expenses. For the 2024 PTRR, O&M expenses changed in the amount of a decrease of \$(4.6 million) for APCo, an increase of \$3.2 million for I&M, an increase of \$114,000 for KPCo, a decrease of \$(405,000) for KgPCo, an increase of \$3.0 million for OPCo, and a decrease of \$(80,000) for WPCo. For the projected change in each company's 2024 projected O&M expenses, please explain the reason(s) for the increase or decrease and identify any maintenance projects expected to occur in 2024.

Response:

Please see JI-1-2 Attachment 1 for the increase and decrease explanations between the 2023 PTRR filing and the 2024 PTRR filing. Maintenance projects expected to occur in 2024 are not available.

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Data Request JI-1-3:

In reference to Slide 20 (Projected Gross Plant Investment), the Transmission Companies projected gross plant investment increased by about \$21.1 million for APTCo, \$348.7 million for IM Transco, \$11.2 million for KY Transco, \$423.2 million for OH Transco, and \$233.9 million for WV Transco. For each company's 2024 projected increase in gross plant investment, please identify and describe:

- a.: Each intangible, transmission, and general asset that is projected to be added to plant in service in 2024, and the projected cost of each new asset.
- b.: Each retirement of intangible, transmission, and general plant projected to occur in 2024 and the cost of the plant to be retired.

Response:

- a. Please see the attached spreadsheet JI-1-3 Attachment A_Transcos PLF 2024-01-09-09-02-36-540.xlsx for the forecasted Plant to be Placed in Service in 2024.
- b. Please see the attached spreadsheet JI-1-3 Attachment B_PBDS - INPUT - by Plant Account - Retirements - TEMPLATE 2024 - 01-09-09-05-07-665.xlsx for the forecasted retirements in 2024.

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Data Request JI-1-4:

In reference to Slide 21 (2024 Projected vs 2023 Projected O&M Expense), WV Transco's projected 2024 O&M expenses are an increase of approximately \$2.4 million over its projected 2023 O&M expenses. Please explain the reason(s) for the increase and identify any maintenance projects expected to occur in 2024.

Response:

The increase in projected O&M is primarily due to anticipated increase in maintenance expenses for station and line assets and increased employee head count for the Energy Delivery organization to meet AEP's operational and investment goals.

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Data Request JI-1-5:

In reference to Side 27 (Summary Comparison – 2023 Projected to 2024 Projected – OpCo’s), regarding the OpCos’ projected 2024 increase in rate base, Slide 27 identifies two rate base components causing the change in rate base: (i) Net Plant Investment and (ii) Working Capital. However, each Operating Company’s rate base is projected to change by additional amounts. For each company, please identify (i) the change in ADIT component of rate base and (ii) the change in the other rate base components that are projected to change in 2024 as compared to the 2023 projections and the reason(s) for those changes:

a.: APCo: Rate base increase of \$183,252,928 – net increase to rate base from Net Plant Investment and Working Capital is \$202,784,914. What are the other rate base changes that resulted in a net decrease of rate base of \$(19,531,986) and the reason(s) for those changes?

b.: I&M: Rate base increase of \$11,573,741 – net increase to rate base from Net Plant Investment and Working Capital is \$31,553,452. What are the other rate base changes that resulted in a net decrease of rate base of \$(19,979,711) and the reason(s) for those changes?

c.: KPCo: Rate base increase of \$36,663,130 – net increase to rate base from Net Plant Investment and Working Capital is \$75,161,929. What are the other rate base changes that resulted in a net decrease of rate base of \$(38,498,799) and the reason(s) for those changes?

d.: OPCo: Rate base increase of \$277,048,173 – net increase to rate base from Net Plant Investment and Working Capital is \$253,156,331. What are the other rate base changes that resulted in a net increase of rate base of \$23,891,842 and the reason(s) for those changes?

e.: WPCo: Rate base increase of \$9,911,368 – net decrease to rate base from Net Plant Investment and Working Capital is \$(1,213,837). What are the other rate base changes that resulted in a net increase of rate base of \$11,125,205?

Response:

Please see JI-1-5 Attachment 1.

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Data Request JI-1-6:

In reference to Slide 28 (Summary Comparison – 2023 Projected to 2024 Projected – OpCo’s), regarding projected Administrative & General Expense for the OpCos: (1) KPCo’s increased \$1,381,857; and (2) OPCo’s decreased \$(2,164,995). For each company, please identify and describe the reason(s) for the increase or decrease and the FERC accounts and amounts that caused each company’s projected increase or decrease in Administrative and General Expenses.

Response:

A 2023 Control budget was not established for KPCo due to the expected sale of KPCo. KPCo's 2023 PTRR was filed using KPCo's 2022 PTRR as it was the most accurate forecasted costs we had at that point in time.

The \$2.2M decrease in OPCo's A&G expense between the 2023 PTRR and the 2024 PTRR is primarily to meet AEP's operational and investment goals as recorded in FERC account 920 in the 2024 PTRR. The adjustment to meet AEP’s operational and investment goals was recorded in FERC account 566 for the 2023 PTRR. Please see JI-1-6 Attachments 1 and 2.

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Data Request JI-1-7:

In reference to Slide 28 (Summary Comparison – 2023 Projected to 2024 Projected – OPCo’s), regarding APCo’s projected decrease in depreciation expense in 2024 of \$3,777,709. Please identify and describe:

- a.: The reason(s) for the projected decrease in depreciation expense in 2024 when APCo’s 2024 PTRR projects that APCo will increase gross plant investment by \$269,445,990 in 2024.
- b.: The plant retirements by account and amount that APCo has projected for 2024.
- c.: Did APCo project any changes in depreciation and amortization rates used in 2024 versus the rates used in 2023 and if so, identify the changed depreciation rates by plant account?

Response:

- a. At the time the 2023 Control budget was being established, APCo was in the middle of rate proceedings which were expected to increase depreciation expense by \$10M. Both Transmission and Corporate Planning and Budgeting adjusted for this \$10M topside entry in the 2023 Control budget, which was used to prepare the 2023 PTRR. So, depreciation expense was overstated in the 2023 PTRR and is being paid back with interest through the annual true-up process.
- b. Please see JI-1-7 Attachment 1 for APCo 2024 retirements.
- c. No

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Data Request JI-1-8:

In reference to Slide 28 (Summary Comparison – 2023 Projected to 2024 Projected – OpCo’s), regarding the Operating Companies’ projected increases in Other Taxes consisting of an increase of \$1,697,406 for APCo, \$1,364,664 for I&M, \$1,714,957 for KPCo and \$3,336,120 for OPCo, for each company, please identify and explain the reason(s) for and the source of the increase in other taxes.

Response:

Other Taxes consist of franchise, revenue-kWh, payroll, capacity, property and other non-income taxes, the largest being property taxes. The increase in forecasted property taxes is directly attributable to the increase in forecasted investment. Assessments rose during the forecast period, mirroring the property tax increase.

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Data Request JI-1-9:

In reference to Slide 29 (Summary Comparison – 2023 Projected to 2024 Projected – Transco’s), regarding OH Transco’s projected Revenue Credits, please identify for the projected increase in revenue credits of \$1,364,977 the source of the credits and amounts and the reason(s) for the projected increase.

Response:

All revenue credits in OH TransCo’s PTRRs are rent revenues received from AEP Service Corporation and AEP operating companies for the use of OH TransCo owned buildings. The projected increase is due to more AEPSC and AEP Ohio Power employees using these buildings as their primary work location.

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Data Request JI-1-10:

In reference to Slide 31 (Summary Comparison – 2023 Projected to 2024 Projected – Transco’s), regarding the Transcos’ projected 2024 increase in rate base, Slide 31 identifies two rate base components causing the change in rate base: (i) Net Plant Investment and (ii) Working Capital. However, the Transcos’ rate base is projected to change by additional amounts. For each company, please identify (i) the change in ADIT component of rate base and (ii) the change in the other rate base components that are projected to change in 2024 as compared to the 2023 projections and the reason(s) for those changes:

- a.: IMTCo: Rate base increase of \$199,706,041 – net increase to rate base from Net Plant Investment and Working Capital is \$245,604,337. What are the other rate base changes that resulted in a net decrease of rate base of \$(45,898,296) and the reason(s) for those changes?
- b.: OHTCo: Rate base increase of \$210,603,569 – net increase to rate base from Net Plant Investment and Working Capital is \$257,113,972. What are the other rate base changes that resulted in a net decrease of rate base of \$(46,510,403) and the reason(s) for those changes?
- c.: WVTCo: Rate base increase of \$138,712,293 – net increase to rate base from Net Plant Investment and Working Capital \$169,553,394. What are the other rate base changes that resulted in a net decrease of rate base of \$(30,841,101)?

Response:

Please see JI-1-10 Attachment 1.

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Data Request JI-1-11:

In reference to Slide 32 (Summary Comparison – 2023 Projected to 2024 Projected – Transco’s), regarding the Transmission Companies projected increases in Other Taxes consisting of an increase of \$7,826,000 for OHTCo and \$5,074,910 for WVTCO, for each company, please identify and explain the reason(s) for and the source of the increase in other taxes.

Response:

Other Taxes consist of franchise, revenue-kWh, payroll, capacity, property and other non-income taxes, the largest being property taxes. The increase in forecasted property taxes is directly attributable to the increase in forecasted investment. Assessments rose during the forecast period, mirroring the property tax increase.

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Data Request JI-1-12:

Regarding state income tax rates for any of the AEP East OpCos or TransCos, please identify and describe for each company:

- a.: Any projected change in the enacted state income tax rates and provide details on the expected change in state income tax rates.
- b.: The remeasurement of state income tax ADIT and how did each company treat the resulting ADIT excesses and deficiencies for purposes of the 2024 PTRR to ensure that rate base neutrality has been achieved regarding any projected remeasurement of state ADIT?

Response:

- a. Projected state income tax rate changes have not been identified.
- b. Not applicable.

Date: 1/19/2024