



SUBJECT: AEP West Operating Companies' and West Transmission Companies' 2020 Formula Rate True-up (Filed May 26, 2021) 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 may be sent to:

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**Discovery for 2020 ATRR True-up of Transmission Formula Rates in SPP
FERC Docket No ER18-194-000 and ER18-195-000 2020 ATRR**

**Responses to Multiple Intervenors
Set JI Set 2 of Data Requests**

Data Request 1:

GENERAL

In reference to AEP's responses to 1-8 and 1-11.a, related to the pension contributions SWEPCO and PSO in 2020 and the 2020 Pension activity, AEP's response to 1-8 stated "AEP contributed \$8,921,000 to SWEPCO and did not contribute to PSO in 2020." The Company's response to 1-11 in "JI1-11 Attachment 1" reflects a contribution to PSO in the amount of \$648,000 at Excel (C6). Please provide:

- a. A detailed explanation of the discrepancy between the two responses as to whether AEP made a pension contribution to PSO.
- b. Copy(ies) of all the supporting documentation, calculations and transaction(s) for the AEP contribution of \$8,921,000 to SWEPCO; and
- c. Copy(ies) of all the supporting documentation, calculations and transaction(s) for the AEP contribution of \$648,000 to PSO.

Response:

- a. AEP did not make a contribution to PSO in 2020, the \$648,000 was reported incorrectly. See the attachment JI-2-1 Attachment 2 aka JI-1-11 Attachment 1 REVISED for a corrected schedule.
- b. See the attached document JI-2-1 Attachment 1 for the supporting document provided by Willis Towers Watson detailing how the AEP Contribution should be allocated to each company based on the company's current funding status.
- c. A contribution was not made to PSO in 2020.

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Data Request 2:

GENERAL

In reference to AEP's response to 1-13, please provide all rental revenues earned by each OpCo and TransCo and, for each rental revenue item, please:

- a. Identify the asset(s) being leased to earn the revenue; and
- b. Provide the classified FERC plant account number (*i.e.*, 300-series of accounts) to which the asset(s) are recorded.

Response:

a-b. The West OpCo's and Transco's ledgers are not kept in a manner that identifies the plant account of an asset or the specific plant that has rental revenue associated with it. Therefore an all inclusive report of revenues earned on General Plant for this request is not available.

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Data Request 3:

GENERAL

In reference to AEP's response to 1-14, please provide the full journal entries needed to correct the errors in the accounts listed below for each OpCo and Transco. To ensure an accurate understanding of the journal entries, please indicate whether each entry is a debit or credit to the impacted account. In addition, please provide an explanation of the item or transaction that was corrected.

- a. FERC Account 190
- b. FERC Account 282
- c. FERC Account 283
- d. FERC Account 236

Response:

a-d. See JI-2-3 Attachment 1.

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Data Request 4:

GENERAL

In reference to AEP's response to 1-16, please provide an explanation as to what FERC accounts AEP records expenses associated with participation in the capacity market, day-ahead market, real-time market and market administration and monitoring by OpCo and TransCo or allocated from AEPSC to each OpCo or TransCo and how those amounts are recorded on the books of each entity.

Response:

Costs associated with AEP's participation in the referenced activities are recorded to Accounts 556 - System Control and Dispatching and 557 - Other Production Power Expense depending on the nature of each activity. Note neither of these accounts are included in the transmission formula rate.

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Data Request 5:

GENERAL

In reference to AEP's response to 1-17, please provide a copy of AEP's Accounting Bulletin 6. In addition, please identify each asset transferred to or amongst transmission, general, common, or intangible plant accounts to provide a description of the asset transferred, the originating 300 series account, the receiving 300 series account, and the associated amount.

Response:

NOTE:

The response to this question is considered Confidential or Highly Sensitive.

For access to this response, a signed Confidentiality Agreement is required.

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Data Request 6:

GENERAL

In reference to the AEP's response to 1-20, Attachment "1-20 Attachment 1," the "Query detail" tab does not include journal entry descriptions to allow the reader to understand what these expenses represent, please provide detailed journal entries, internal orders, vendor names or any other similar data for these expenses.

Response:

Please refer to JI-2-6 Attachment 1 for a listing of the journal entries and descriptions recorded initially on PSO and SWEPCO's books that could have billed a portion of these costs to OKTCO and SWTCO. Please note that the detail included in Company response to JI-1-20 represents costs that went through an allocations process that doesn't retain the journal entry ID in our system. Please note the amounts in JI-2-6 Attachment 1 represent the total amounts recorded on PSO and SWEPCO and, depending on the work orders used, would have had amounts allocated and billed to OKTCO and SWTCO.

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Data Request 7:

GENERAL

In reference the AEP's response to 1-22, please provide a detailed discuss on AEPSC's accounting for the deferred income taxes as a result of the TCJA, explaining treatment of protected and non-protected excess and deficient ADIT and the amortization period for all balances of excess and deficient ADIT. In addition, please provide the balances of excess and deficient ADIT on AEPSC's books and the amounts that have been amortized or billed to the OpCo and Transcos in 2018-2020.

Response:

The Average Rate Assumption Method (ARAM) is used to amortize the protected excess ADIT which resulted from TCJA. A 10 year amortization period is used to amortize the unprotected excess ADIT which resulted from TCJA. Please see 2-7 Attachment 1 for ADIT balances for years 2018-2020 and corresponding amortization included in billings to the OpCo and Transcos 2018-2020.

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Data Request 8:

ALL

In reference to AEP's response to 1-26, for any amounts transferred to Account 389 or 390, please identify the estimated annual impact by year to the formula rates that would have occurred had these amounts been properly classified when capitalized.

Response:

Please see JI-2-8 Attachment 1_Send for details associated with the transfers to FERC accounts 389 and 390.

Reclassing these to the proper FERC account resulted in additional revenue requirement for PSO of approximately \$1,200 and additional revenue requirement for SWEPCO of approximately \$13,800. Since all plant is allocated in the same manner for OKTCO, there was not a change to the revenue requirement.

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Data Request 9:

ALL

In reference to AEP's response to 1-28, AEP stated: "AEP records contributions, expense, subsidies, and costs related to key employees to account 1650035 Prepaid PRW." Please address/provide:

- a. Confirm that AEP includes both PRW Prepaid Account 1650035 and FAS 158 Contra-PRW Account 1650037 in the prepaid calculations resulting in a net \$0 balance being reflected as a prepayment;
- b. If AEP cannot provide confirmation in subpart a. above, please provide the following:
 - i. A detailed explanation, including copies of all supporting documentation and guidance, (FERC, third-party, etc.) for which AEP has relied upon for the Company's position to record the PRW "contributions" related to key employees to "Prepays;"
 - ii. A detailed explanation, including copies of all supporting documentation and guidance, (FERC, third-party, etc.) for which AEP has relied upon for the Company's position to record the PRW "expenses" related to key employees to "Prepays;"
 - iii. A detailed explanation, including copies of all supporting documentation and guidance, (FERC, third-party, etc.) for which AEP has relied upon for the Company's position to record the PRW "subsidies" related to key employees to "Prepays;" and
 - iv. A detailed explanation, including copies of all supporting documentation and guidance, (FERC, third-party, etc.) for which AEP has relied upon for the Company's position to record the PRW "costs" related to key employees to "Prepays."

Response:

- a. Accounts 1650035 and 16500037 net to zero for accounting purposes.
- b. N/A

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Data Request 10:

ALL

In reference to AEP's response to 1-28 in Attachment "JI1-28 Attachment 1," AEP stated in note (3): "Benefit prepaid accounts are tracked as a prepaid, but reported as an obligation in a Regulated Asset or AOCI/DFIT accounts with the difference being recorded to a 2283xxx liability account or 1290xxx asset account for the underfunded/overfunded amounts. This reclass uses a contra-prepaid asset account to offset the balace [balance] in the prepaid account tracking contributions and expenses." Please provide copies of all the transactions recorded in 2020 which reflect AEP's treatment of these PRW related items as an obligation in a Regulated Asset or AOCI/DFIT accounts with the difference being recorded to a 2283xxx liability account or 1290xxx asset account.

Response:

See JI-2-10 Attachment 1 for a query of 2020 journal entries impacting the SFAS158 accounts.

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Data Request 11:

ALL

In reference to AEP's response to 1-30, please:

- a. Identify the FERC Account Number(s) to which AEP records CAD55 revenue billed in advance; and
- b. Clarify whether the CAD55-related revenue is reflected in the OpCo and TransCo templates as rate base reductions given that the revenues are billed in advance and amortized (akin to the way prepaid expenses are paid in advance and amortized). If not, please explain why not.

Response:

- a. All CAD55 revenue is booked to FERC Account 4540005.
- b. Yes, the CAD55 related revenue is reflected as a cost of service reduction.

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Data Request 12:

ALL

In reference to AEP's response to 1-31, 1-31_Attachment_1, Excel Row 1530 – Home Warranty Payables, please provide the FERC account(s) where the expenses associated with the collection of the billings to electric customers and any sales or marketing expenses related to the warranties are recorded by OpCo/TransCo.

Response:

For 2020 there are no expenses associated with Home Warranty Payable account.

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Data Request 13:

ALL

In reference to AEP's response to 1-31, 1-31_Attachment_1, Excel Row 3804 – Coal Supplr Litig Awrds/Stlmt described as “To Record Awards/Settlement Agreements Resulting from Litigation involving Coal Suppliers including Bankruptcy Proceedings. This new account needs to be mapped to retail,” please provide the FERC account(s) where the expenses associated with the litigation are recorded by OpCo/TransCo.

Response:

There were no transactions for 2020 for Account 4560107.

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Data Request 14:

ALL

In reference the AEP's response to 1-32, please verify that the result of the change is reclassification of capital lease interest expense from functional rent expense accounts to Account 931 or provide further clarification. In addition, by functional rent expense account, please provide the amount reclassified to Account 931 in 2020.

Response:

Please see JI-2-14 Attachment 1 SPP CAPITAL LEASE INT RECLASS TOTALS 2020 for the requested details.

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Data Request 15:

ALL

In reference the AEP's response to 1-34, please identify any capital leases included in AEP West's transmission formula rate.

Response:

Please see JI-2-15_Attachment 1.

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Data Request 16:

ALL

In reference to AEP's response to 1-36, please clarify how PSO reflects the \$369,161 of payments from OKT in its formula rate template.

Response:

PSO records the revenue for joint license billings to OKT in FERC account 454 (subaccount 4540001) and is reflected as a revenue credit.

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Data Request 17:

ALL

In reference to AEP's response to 1-38, please provide a schedule showing the number of spares including the beginning balance, retirements, additions and ending balance for each of the last five years. Please also include the number and dollar amount of spares capitalized for both accounts 353 and 362 by vintage year including the voltage for each spare.

Response:

Please see JI-2-17 Attachment 1.

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Data Request 18:

ALL

In reference to AEP's response to 1-39, please provide the following:

- a. Should the response have indicated that the amounts were specific to SPP instead of PJM?
- b. If the answer to subpart a. is no, why are these AEP affiliates the owners of fiber optic investments in the PJM market?
- c. The "bandwidth review, or analysis," that was performed at the beginning of the program establishing the 95/5 transmission/distribution split.

Response:

- a. Yes. The response to JI-1-39 incorrectly referred to PJM in the response. The reference should have stated SPP. However, Attachment JI-1-39 correctly details SPP information and not PJM.
- b. N/A.
- c. Please see the response in ER18-195, 2-013.

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Data Request 19:

ALL

In reference to AEP's response to 1-44, please:

- a. Verify that the tax adjustments for OKT, PSC OK, and SWEPCO are solely related to software recorded on each company's respective books or explain how the amounts were allocated to those companies.
- b. Provide the full accounting entries for OKT, PSC, OK, and SWEPCO indicating each account debited and credited to record the effect of the Federal income tax accounting method change.
- c. Provide a detailed narrative discussing the effect and impact of Section 5.01 of Rev. Proc. 2000-50 on AEP West's books.

Response:

- a. Please see 2-19 Attachment 1 for the calculation of the software development costs for the change in accounting method. The tax adjustments are calculated by the individual company's tax deductions for the years 2017 - 2019 plus the company's depreciation.
- b. Please see 2-19 Attachment 2 for the tax accounting entries to record the effect of the federal income tax accounting method change.
- c. Prior to the method change, AEP immediately deducted all of the costs properly attributable to the development of software, pursuant to Section 5.01(1) of Rev. Proc. 2000-50. After the method change, AEP treats software development expenses as capital expenditures recoverable through depreciation pursuant to Section 5.01(2) of Rev. Proc. 2000-50. More specifically, the costs of developing software are depreciated using the straight-line method over a 36-month period starting on the first day of the month in which the software is placed in service, pursuant to IRC §167(f)(1)(A). As a result of this change in method, AEP capitalized amounts that had previously been deducted under the old method. The net unfavorable 481(a) adjustment by entity, will be spread over 4 years.

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Data Request 20:

ALL

In reference to AEP's response to 1-45, AEP states "The accounting policy for the allocation of current tax losses of the parent company and other affiliates is directed by the AEP consolidated tax allocation agreement." Please provide a detailed explanation on how the parent company's current tax losses are allocated to the OpCos and Transcos under the AEP consolidated tax allocation agreement.

Response:

The response to 1-45 provides an explanation of the allocation on the net operating losses. Per response to 1-45, "Each member of the consolidated group is required to make a payment to AEP, Inc. (Parent) equal to its stand-alone tax liability. This is recorded with a credit to cash and a debit to taxes payable (Account 236). If a company generates a taxable loss and that loss can be offset with taxable income within the consolidated return group, the loss company contributes the loss to Parent and receives a distribution from Parent for that amount. This is recorded with a credit to the NOL carryforward (190) and a debit to cash".

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Data Request 21:

ALL

Please explain if AEP's consolidated tax allocation agreement allows the allocation of the parent company tax loss to an entity that does not use the loss in the current income tax return or an amended tax return. If it is permitted under the tax allocation agreement, please (i) provide the accounting on the OpCo and Transco's books for parent company current losses not used in the current tax return (or an amended tax return) and (ii) explain the associated rate base impact in the transmission formula rate.

Response:

Each member of the consolidate group either makes a payment to AEP equal to its stand-alone tax liability or the loss company contributes the loss to the Parent and receives a distribution from the Parent to the extent that there is consolidated income to offset the loss.

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Data Request 22:

ALL

In reference to AEP's response to 1-45, AEP states "The Company has identified the need to make a ratemaking adjustment to its GAAP books to appropriately recognize the NOL carryforward on a stand-alone basis." Please:

- a. Provide a detailed explanation of the ratemaking adjustments to GAAP books referenced in the above quote.
- b. Identify each type of NOL carryforward that is adjusted from the GAAP books and explain the rationale for the adjustment for FERC ratemaking purposes.
- c. Explain if the adjustments are made for Form 1 reporting purposes or just for ratemaking purposes.
- d. Provide the FERC precedent where the treatment of NOL carryforwards on a stand-alone basis has been addressed.

Response:

- a. Ratemaking adjustments are needed to recognize the NOL carryforward on a stand-alone basis. The adjustments result in an increase to the Deferred Tax Asset in account 190 and an adjustment to Protected Excess amortization for each entity, not on 2022 books. It was the Company's intention to include the NOLC ratemaking adjustment in recent 2022 FERC FRP Filing; however, the allocator for the Deferred Tax Asset 960Z in Account 190 was accidentally excluding the NOLC.
- b. Please see 2-22 Attachment 1 for the ratemaking adjustments, not recorded on the books.
- c. The adjustments were made for ratemaking purposes only.
- d. The treatment of NOL carryforwards on a stand-alone basis has been address in FERC Opinion 173 - Stand-Alone Rate Making.

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Data Request 23:

ALL

In reference to AEP's response to 1-46(b)-(d), please cite to the specific provision in the FERC USofA instructions to which AEP alludes or, to the extent that AEP cannot provide cites to the specific provisions in the USofA, please provide the data requested in these subparts in the original data request.

Response:

The specific cite in the FERC USofA relates to the FERC instructions for the specific accounts provided in JI_46_Attachment_1.

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Data Request 24:

ALL

In reference to AEP's response to 1-46, please explain why AEP does not record accrued severance liabilities to FERC Account Nos. 228.3 or 228.4.

Response:

We record long-term severance liabilities in account 228.3, but we believe account 242, Miscellaneous current and accrued liabilities, is more appropriate for severances expected to pay out within a year. While the account descriptions are not specific enough, severance accruals for ongoing operations of the plan are more appropriate in Acct 242. Whereas a large one-time severance for a plant shutdown related to many employees paid out over a longer period are recorded to 228.3.

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Data Request 25:

ALL

In reference to AEP's response to 1-46, "JI 46 Attachment 2.xlsx," please:

- a. Provide a meaningful text description and, for each OpCo and TransCo, the beginning- and end-of-year ADIT balances for the following AEP Account Numbers:
 - i. 2420514 Revenue Refunds Accrued;
 - ii. 2420700 Quality of Service;
 - iii. 2530190 QUAL OF SVC PENALTIES – LT;
 - iv. 2420076 P/R Savings Plan – Incentive;
 - v. 2420623 Distr, Cust Ops & Reg Svcs ICP;
 - vi. 2420624 Corp & Shrd Srv Incentive Plan;
 - vii. 2420635 Generation Incentive Plan; and
 - viii. 2420660 AEP Transmission ICP; and
 - ix. 2360038 Reorg Payroll Tax Accrual.

Response:

Please see 2-25 Attachment 1.

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Data Request 26:

ALL

In reference to AEP's response to 1-47, AEP indicates that "Public Service of Oklahoma paid \$757,584.60 for its 15.62% share in Oklaunion Power Plant in 2020." Please (i) state whether AEP anticipates that it will continue to incur property tax expenses on this property and (ii) explain how AEP intends to use this property going forward.

Response:

AEP does not anticipate any additional property tax expense related to the property. Oklaunion Power Plant was sold 10/13/2020.

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Data Request 27:

ALL

In reference to the AEP's response to 1-49, please provide the FERC accounts used by PSO and SWEPCO to record AEPSC billings for risk management activities and specify the type of activities included in each account.

Response:

AEPSC does not separately bill for the activities requested. Expenses associated with risk management activities are recorded predominantly to FERC accounts 556 and 557 and include activities related to mitigating exposure to market risk created by transacting for the purchase and sale of power, capacity, and fuels, as well as other risk management activities.

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Data Request 28:

ALL

In reference to AEP's response to 1-54, Attachment "1-54_Attachment_1," PSO tab, Column "Long Descr," Accounts Payable ("AP") Accrual in the amount of \$258,072.04 please provide the following items:

- a. An explanation as to which company the AP Accrual is being accrued on behalf of.
- b. State whether this accrual relates to transmission only employees.
- c. Explain why AP Accruals are being recorded to Account 566.
- d. Explain how these AP Accruals relate or differ from any accruals recorded in Account 930.2 and identified as 100% transmission (See Data Response 2-65).

Response:

- a. See JI-2-28_Attachment_1 for the name of the payee in column O.
- b. These expenses are related to transmission activity.
- c. These expenses are miscellaneous expenses that have been processed through the accounts payable system for transmission related expenses.
- d. The expenses recorded in account 5660000 are miscellaneous and the expenses recorded in 930.2 are related to associated business development. Both groups of expenses are transmission related and are not duplicates of each other.

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Data Request 29:

ALL

In reference to AEP's response to 1-54, Attachment "1-54_Attachment_1," PSO tab, Account 566, Column "WO_Descr," please provide a detailed description of the work being performed for each of the following items:

- a. G0000167 - PSO DISTRIBUTION in the amount of \$524,622.91 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- b. G0001468 - All Distribution Companies in the amount of \$31.72 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- c. SENRAPMG01 - ENRA PMO Proj Gen Cost in the amount of \$1,913.27 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.
- d. SF00002301 - RTO Activities-SPP in the amount of \$113,769.19
- e. SF00002501 - RTO Activities-All RTO's in the amount of \$9,464.85
- f. SNERCA3G01 - Generation: RF/MRO/TRE in the amount of \$19,803.74 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.
- g. SNERCRMG01 - Generation: RF/MRO in the amount of \$25.60 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.
- h. SRFMCPG201 - 2021 TRE AEPSC Audit Gen in the amount of \$29,313.00 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.

Response:

- a. Manual adjustment to AEP Corporate Incentive Program. These charges are related to Transmission and 566 is the appropriate account.
- b. These are for Shreveport Chemical Lab that were billed through the Service Company. Should be on SWEPCO's books in account 588 not PSO.
- c. These costs are for Mitigation Planning that should have been recorded to 506.
- d. These costs are Activities associated with SPP participation, including stakeholder committees and working group participation and internal position development and compliance.
- e. These costs are Activities associated with SPP participation, including stakeholder committees and working group participation and internal position development and compliance.
- f. Effectively captures various costs related to Enterprise NERC Reliability Assurance (ENRA) group activities specific to regional entities - Reliability First (RF), Midwest Reliability Organization (MRO) and Texas Reliability Entity (TRE). This should have been recorded to 506.

g. These costs capture various costs related to Enterprise NERC Reliability Assurance (ENRA) group activities specific to regional entities - Reliability First (RF) and Midwest Reliability Organization (MRO). This should have been recorded to 506.

h. Captures costs related to 2021 TRE AEPSC Audit. This should have been recorded to 506.

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**Responses to Multiple Intervenors
Set JI Set 2 of Data Requests**

Data Request 30:

ALL

In reference to AEP's response to 1-54, Attachment "1-54_Attachment_1," SWEPCO tab, Account 566, Column "WO_Descr," please provide a detailed description of the work being performed for each of the following items:

- a. 4153252001 - TEXARKANA: (TEX) DIST STN CONT in the amount of \$601.37 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- b. 4153252401 - TEXARKANA: (ARK) DIST STN CONT in the amount of \$1,129.16 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- c. 4203058901 - DISTRIBUTION TRANSFORMER MAIN in the amount of \$306.36 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- d. 4203061502 - CM DISTRIBUTION BATTERY MAINT in the amount of \$268.03 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- e. G0000159 - SWEPCO Distribution in the amount of \$155,394.09 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- f. G0000161 - SWEPCO Distribution in the amount of \$697,764.17 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- g. G0000161 - SWEPCO TX Distribution in the amount of \$6,071.96 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- h. G0000168 - SWEPCO Generation in the amount of \$530.00 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.
- i. G0001468 - All Distribution Companies in the amount of \$23.84 – In addition, please provide the justification for recording distribution amounts in miscellaneous transmission expenses.
- j. SENRAC4G01 - ENRA CIP004 Multi Mit Plan Ge in the amount of \$29.07 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.
- k. SENRAPMG01 - ENRA PMO Proj Gen Cost \$7,071.50 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.

- l. SNERCA3G01 - Generation: RF/MRO/TRE \$73,189.42 – In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.
- m. SNERCRMG01 - Generation: RF/MRO \$96.93– In addition, please provide the justification for recording production amounts in miscellaneous transmission expenses.

Response:

- a. TEXARKANA: (TEX) DIST STN CONTR HOUSE MAINT & HVAC - These Charges should have been booked to Account 588.
- b. TEXARKANA: (ARK) DIST STN CONTR HOUSE MAINT & HVAC - These Charges should have been booked to Account 588.
- c. SWEPCO TEXAS DISTR TRANSFORMER MAINTENANCE - These Charges should have been booked to Account 588.
- d. SWEPCO TEXAS DISTR TRANSFORMER MAINTENANCE - These Charges should have been booked to Account 588.
- e. Manual adjustment to AEP Corporate Incentive Plan. These are booked through the Service Company Bill and related to transmission. 566 is the appropriate account for these charges.
- f. Manual adjustment to AEP Corporate Incentive Plan. These are booked through the Service Company Bill and related to transmission. 566 is the appropriate account for these charges.
- g. Write-off Misc Obsolete materials. Should have been recorded to 588.
- h. Misc Charges billed through the Service Company. Original transactions should have been recorded to 506.
- i. These are for Shreveport Chemical Laboratory that were billed through the Service Company. Should have been recorded to 588.
- j. These cost for Mitigation Planning. Should have been recorded to 506.
- k. These cost related to the Enterprise NERC Reliability Assurance (ENRA) group Program Management Office projects. Should have been recorded to 506.
- l. Effectively capture various costs related to Enterprise NERC Reliability Assurance (ENRA) group activities specific to regional entities - Reliability First (RF), Midwest Reliability Organization (MRO) and Texas Reliability Entity (TRE). Should have been recorded to 506.
- m. Effectively capture various costs related to Enterprise NERC Reliability Assurance (ENRA) group activities specific to regional entities - Reliability First (RF) and Midwest Reliability Organization (MRO). Should have been recorded to 506.

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Data Request 31:

ALL

In reference to AEP’s response to 1-55, Attachment “1-55_Attachment_1,” tab PSO, Account 923, Column please provide a detailed description of the work being performed for each of the following items:

- a. SITE418801 - Customer Operations Support in the amount of \$40,070.67
- b. SITE603001 - Customer Operations in the amount of \$18,858.62
- c. SITE800901 - Ent Int Customer-IT Exp in the amount of \$29,397.51
- d. SITER03201 - Cust Rel Mgmt Req - EXP in the amount of \$353,514.28
- e. SITES59201 - Customer Web Support - IT EXP in the amount of \$11,717.86
- f. SITES59401 - Customer Choice Supt - IT EXP in the amount of \$22,936.83
- g. SITES59601 - Credit Collections Supt-IT EXP in the amount of \$63,653.16
- h. SITES59901 - Customer Quality Supt - IT EXP in the amount of \$22,813.65
- i. SITES60701 - Meter Systems Support - IT Exp in the amount of \$14,973.41 – In addition, please state whether this supports meter reading or AMI meters located on retail customer premises.
- j. SP00120001 - Fin Interest on Borrowed Cap in the amount of \$373,042.94 – In addition, please state (i) whether this interest is short term or long term, (ii) the specific loan its associated with (e.g. money pooling etc.).
- k. STXLEGAL01 - TX coal/lignite Generation in the amount of \$928.51 - In addition, please provide the justification as to why these expenses were not functionalized to production.
- l. SXCELLEN01 - Achieving Excellence Initiativ in the amount of \$1,096,404.50

Response:

- a. Outside services for IT projects.
- b. Outside services for IT projects.
- c. Outside services for IT projects.
- d. Outside services for IT projects.
- e. Outside services for IT projects.
- f. Outside services for IT projects.
- g. Outside services for IT projects.
- h. Outside services for IT projects.
- i. Outside services for IT projects.
- j. Interest and financing costs associated with working capital and short-term borrowings or investments.
- k. Outside legal services relating to meetings with federal and state legislators for managing environmental compliance are recorded to 9230001.
- l. Outside Services related to Achieving Excellence Initiative.

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Data Request 32:

ALL

In reference to AEP's response to 1-55, Attachment "1-55_Attachment_1," tab PSO, Column "Long Descr," "To accrue liability for settlement of patent litigation: 2/3 Pirkey, 1/3 Oklaunion, and outside counsel allocation from Pirkey to Oklaunion" in the amount of \$356,918, please provide the following:

- a. Any associated dockets related to the patent litigation.
- b. A description of the litigation and outcome of settlement amounts owed.
- c. State whether this litigation is associated with the mining assets.
- d. Identify any other expenses associated with this litigation and where they were recorded by FERC account.
- e. An explanation as to why these expenses were not recorded to a miscellaneous production account.

Response:

- a. Midwest Energy Emissions Corp. and MES Inc. v. Vistra Energy Corp. et al., Civil Action No. 1:19-cv[1]01334-RGA-CJB
- b. In July 2019, Midwest Energy Emissions Corporation and MES Inc. (collectively, the plaintiffs) filed a patent infringement complaint against various parties, including AEP Texas, AGR, Cardinal Operating Company and SWEPCo (collectively, the AEP Defendants). The complaint alleges that the AEP Defendants infringed two patents owned by the plaintiffs by using specific processes for mercury control at certain coal-fired generating stations. The complaint was resolved in December 2020. A payment was charged to Account 5020, Steam Expenses, which is not allocated in the transmission formula.
- c. The litigation is not associated with mining assets.
- d. Outside counsel expenses were recorded to FERC Account 923, Outside services employed, which includes fees, pay and expenses of attorneys.
- e. See the response to d.

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Data Request 33:

ALL

In reference to AEP’s response to 1-55, Attachment “1-55_Attachment_1,” tab SWEPCO, Account 923, Column “WO_Descr,” please provide a detailed description of the work being performed for each of the following items:

- a. G0001322 - Pirkey Plant Unit 0 in the amount of \$542,647 - In addition, please provide the justification as to why these expenses were not functionalized to production.
- b. SITE418801 - Customer Operations Support in the amount of \$38,663
- c. SITE603001 - Customer Operations in the amount of \$18,193
- d. SITE800901 - Ent Int Customer-IT Exp in the amount of \$23,302
- e. SITER03201 - Cust Rel Mgmt Req - EXP in the amount of \$341,005
- f. SITES59201 - Customer Web Support - IT EXP in the amount of \$11,303
- g. SITES59401 - Customer Choice Supt - IT EXP in the amount of \$22,127
- h. SITES59501 - Billing Support- IT EXP in the amount of \$29,147
- i. SITES59601 - Credit Collections Supt-IT EXP in the amount of \$61,411
- j. SITES59901 - Customer Quality Supt - IT EXP in the amount of \$22,008
- k. SITES60501 - AMI Integration Supt - IT EXP in the amount of \$7,565 – In addition, please state whether this supports meter reading or AMI meters located on retail customer premises.
- l. SITES60701 - Meter Systems Support - IT Exp in the amount of \$14,444 – In addition, please state whether this supports meter reading or AMI meters located on retail customer premises.
- m. SP00120001 - Fin Interest on Borrowed Cap in the amount of \$520,572 – In addition, please state (i) whether this interest is short term or long term, (ii) the specific loan its associated with (e.g. money pooling etc.).
- n. STXLEGAL01 - TX coal/lignite Generation in the amount of \$6,165 - In addition, please provide the justification as to why these expenses were not functionalized to production.
- o. SXCELLEN01 - Achieving Excellence Initiativ in the amount of \$1,580,830

Response:

- a. Outside Legal service is recorded to 9230001.
- b. Outside services for IT projects.
- c. Outside services for IT projects.
- d. Outside services for IT projects.
- e. Outside services for IT projects.
- f. Outside services for IT projects.
- g. Outside services for IT projects.

- h. Outside services for IT projects.
- i. Outside services for IT projects.
- j. Outside services for IT projects.
- k. Outside services for IT projects.
- l. Outside services for IT projects.
- m. This is AEPSC Billings related to Interest on Corp Borrowing Program. Interest and financing costs are billed out as service cost to the OPCO's.
- n. Outside legal services relating to meetings with federal and state legislators for managing environmental compliance are recorded to 9230001.
- o. Outside consulting services related to Achieving Excellence Initiative.

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Data Request 34:

ALL

In reference to AEP's response to 1-55, Attachment "1-55_Attachment_1," tab SWEPCO, Account 923, Column "Long Descr," "To reverse Corporate Aircraft purchase that billed out to affiliates in Internal Support Costs" in the amount of \$1,242,332.32, please provide the following:

- a. Identify the FERC account(s) and associated amounts where AEP has recorded aircrafts.
- b. State whether AEP leases its aircrafts to third-parties.
- c. If yes to subpart b. above, please identify the FERC account(s) and associated amounts where the revenues are recorded.
- d. State whether the revenues in subpart c. above are included in the formula rate template.

Response:

- a. The aircraft assets are leased by AEPSC and maintained on AEPSC's books. In December 2019, the purchase of a corporate aircraft incorrectly got expensed by AEPSC and billed out to the AEP affiliates through the AEPSC billing system. AEP manually corrected this with a manual entry in December 2019 business to remove this AEPSC billing, so in December 2019 we recorded this same SCBAJEAPL journal ID with the same amounts, just recorded as credits to offset the billing through the AEPSC system. In January 2020, the correcting credit entry went through the AEPSC billing system and we reversed the manual entry we did in December 2019. Therefore, the entry referenced in the question is offset by the credit billed through the AEPSC system and would show up in the detail as an SCBBIL journal ID. The entry is also the reversal of a manual entry in December 2019 business so the net impact of this entry over the months of December 2019 and January 2020 is zero to SWEPCO.
- b. Company does not lease its aircraft to third-parties.
- c. See response to part b.
- d. See response to part b.

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Data Request 35:

ALL

In reference to AEP's response to 1-55, Attachment "1-55_Attachment_1," tab OKT, Account 923, Column "WO_Descr," please provide a detailed description of the work being performed for each of the following items:

- a. SITGADMIN01 - Charge Gen Admn - AEP in the amount of \$10,492.5 – In addition, state whether this is associated with the production function.
- b. SP00120001 - Fin Interest on Borrowed Cap in the amount of \$85,150.83 – In addition, please state (i) whether this interest is short term or long term, (ii) the specific loan its associated with (*e.g.* money pooling etc.).
- c. SXCELLEN01 - Achieving Excellence Initiativ in the amount of \$268,881.17

Response:

- a. Contract labor related to IT Services.
- b. This is AEPSC billings related to Interest on Corp Borrowing Program. Interest and financing costs are billed out as service cost to the OPCO's.
- c. Outside Services related to Achieving Excellence Initiative.

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Data Request 36:

ALL

In reference to AEP's response to 1-56, AEP's response does not answer the original question. The question references the types of charges typically in Account 929 not whether there was activity in this account in 2020. Please answer the original questions posed in Data Request 1-56.

Response:

929 Duplicate charges - Credit. This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay. 930.1 General advertising expenses. This account shall include the cost of labor, materials used, and expenses incurred in advertising and related activities, the cost of which by their content and purpose are not provided for elsewhere.

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Data Request 37:

ALL

In reference the AEP's response to 1-58, Attachment "1-58 Attachment 1_SEND," please provide a detailed explanation for the values in Excel columns C (Cleared Amount) and I (base). In addition, provide an illustrative computation of the amount of overhead costs capitalized for PSO in December 2020.

Response:

Cleared Amount - construction overheads include those costs which are related to construction but not directly applied to construction projects. These costs consist of certain administrative, supervisory, and engineering costs which cannot be classified directly to construction projects without undue burden and refinement.

Base - set of work orders on the company which have eligible current month charge activity and are also eligible to receive overheads. The overhead base is the sum of the eligible current month charge activity on this set of work orders.

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Data Request 38:

ALL

In reference to AEP's response to 1-59, AEP stated that "Public Service Company of Oklahoma and Southwestern Electric Power Company have made investments in electric charging stations. The investment in electric charging stations is recorded to general plant account 39800 - Miscellaneous Equipment and the maintenance of this equipment is recorded to accounts 1840029 (Transp - Assigned Vehicles) and 935 (Maintenance of general plant). At 12/31/20, Public Service Company of Oklahoma has spent \$9,566.32 on electric charging stations and Southwestern Electric Power Company has spent \$29,104.57 on electric charging stations. The company does not separately track operating expenses specifically related to electric charging stations." Please provide the following:

- a. The location(s) in which these charging stations were placed and whether they are for the use of the community or only AEP employees.
- b. The justification for recording what these amounts in general plant.
- c. State whether these amounts are a result of a state proceeding. If yes, please provide any associated docket numbers and a copy of any relevant orders or settlement agreements.

Response:

- a. For PSO, the assets were installed at the Chickasha and Lawton service centers. For SWEPCO, the assets were installed at the Longview, Mt. Pleasant, and Texarkana service centers as well as the Fayetteville Meter Office and the Shreveport Line Avenue Office. These assets are for AEP use only.
- b. Account 39800 was used for these assets because they are installed for AEP internal use only and are not for public use.
- c. These amounts are not the result of any state proceeding.

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Data Request 39:

ALL

In reference to AEP's response to 1-66, Attachment "1-66 Attachment 1_SEND," please describe the justification for capitalizing the "HCP and NEPA Study for American Burying Beetle (ABB)..." amounts.

Response:

FERC US of A provides account 303 - Miscellaneous Intangible Plant shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account. Normally, environmental impact/permitting activities would not be classified as an intangible asset; however, since this is an unusual situation which benefits future projects over an extended period of time it was decided that account 303 could be used for capitalizing the cost associated with the HCP and NEPA study.

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Data Request 40:

ALL

In reference to AEP's response to 1-67, Attachment "JI Set 1-67 Attachment 1," this attachment indicates that AEP has recorded amounts on OKT's books in account 580-910. OKT's FERC Form 1 has zero amounts for these accounts, which is expected given that it is a transmission only company. Please provide the following:

- a. Explain why OKT is showing amounts related to distribution and customer accounts.
- b. State whether the accounts shown in the attachment the same as what is recorded on each of the OpCos and TransCos books.
- c. If no to subpart b., above please provide a revised schedule that demonstrates where these amounts are recorded on each of the OpCos and TransCos books.

Response:

- a. The amounts reflected in Company response to 1-67 were billed by AEPSC to OKT in accounts 580-910.
- b. Subsequently on OKT's books, those amounts were reclassified to FERC Account 9230.
- c. See response to subpart b above.

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Data Request 41:

ALL

In reference to AEP's response to 1-70, please quantify the individual cancelled or abandoned project costs written off to FERC Account Nos. 560, 566, 570, and 571 and describe (i) the nature and purpose of the originally-conceived project and (ii) the reason the project was cancelled or abandoned.

Response:

This information is not maintained in the manner requested. While the Company tracks the occurrence of a writeoff to O&M for accounting purposes, it does not track the reasons why the write off occurred in a centralized database.

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Data Request 42:

ALL

In reference to AEP's response to 1-72, Attachment "1-72 Attachment 1," AEP stated: "The data within PowerTax is not configured such that Report 257 provides information to directly support OpCos and Transcos Excess amounts." AEP provided Provision reports which only support summary balances in WS C-1, WS C-2 and WS C-4 for the Excess FIT for normal ADIT and excess/deficient ADIT. Please provide copies (Excel file format) of all internal AEP supporting documents, reports, worksheets, etc. which support the "detailed" balances by ADIT item which roll-up to the Provision reports summaries provided in "1-72 Attachment 1."

Response:

The balances relate to the re-measurement of the ADFIT balances related to timing differences as of 12-31-2017, per the enactment of The Tax Cuts and Jobs Act. After the remeasurement of the TCJA balances, the details are no longer tracked on an individual timing difference.

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Data Request 43:

ALL

In reference to AEP's response to 1-74, including Attachment "1-74 2020 Base Plan True Up," and Attachment "1-74 2020 SPP collected revenue," it is not transparent that AEP's response answers the Joint Customers' question. The Joint Customers' question 1-74 referenced the WS N Sch 11 TU, Cash Revenue Collections for True-up Year, Net of Schedule 11 Revenue Credits for each OpCo and TransCo. AEP's response in 1-74 appears to be related to "Sch.11.Rates," Column (J) and not "WS N Sch 11 TU, Cash Revenue Collections for True-up Year, Net of Schedule 11 Revenue Credits." Please address/provide:

- a. A detailed calculation, with copies of all supporting calculations, of the "Cash Revenue Collections for True-up Year, Net of Schedule 11 Revenue Credits" reconciling to the PSO amount of \$8,692,421 reflected at Excel (D11) of PSO WS N Sch 11 TU for the Actual/Projected 2020 Rate year Cost of Service Formula Rate;
- b. A detailed calculation, with copies of all supporting calculations, of the "Cash Revenue Collections for True-up Year, Net of Schedule 11 Revenue Credits" reconciling to the SWEPCO amount of \$84,709,457 reflected at Excel (D11) of SWEPCO WS N Sch 11 TU for the Actual/Projected 2020 Rate year Cost of Service Formula Rate; and
- c. A detailed calculation, with copies of all supporting calculations, of the "Cash Revenue Collections for True-up Year, Net of Schedule 11 Revenue Credits" reconciling to the OKT amount of \$41,574,863 reflected at Excel (D11) of OKT WS N Sch 11 TU for the Actual/Projected 2020 Rate year Cost of Service Formula Rate.

Response:

a-c. Please see the zip file JI-2-43 Attachment for the requested information.

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Data Request 44:

PSO

In reference to AEP's response to 1-82, please confirm that the entire amount of the Joint License Revenues recorded by PSO in 2020 is included in the \$471,874 of FERC Account No. 4540001 shown on PSO WS H Rev Credits.

Response:

We confirm the \$369,161.48 joint license revenue is in the FERC Account 4540001.

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Data Request 45:

PSO

In reference to AEP's responses to 1-86 and 1-142, please identify any intercompany transfer of assets, to any OpCo or Transco, whereby the asset changed operating function to transmission during 2020. For each instance identified, please provide a detailed description of asset transferred and justify its transmission classification.

Response:

None of the sales or purchases resulted in a change to the function during 2020. They were all the same function on the selling and purchasing companies.

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Data Request 46:

PSO

In reference to AEP's response to 1-87, please recreate Attachment "1-87_Attachment_1_SEND" but also include the asset ID, asset long description, vintage year, quantity, retirement unit ID and retirement unit id description for each asset included in the report.

Response:

See '2-46 attachment 1_SEND' attached.

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Data Request 47:

PSO

In reference to AEP's response to 1-91, Attachment "1-91_Attachment_1," please provide the following:

- a. A detailed explanation as to why the "DISTR" Business_Unit_PC is responsible for approximately \$3.2 million of charges in Account 371 when the business unit is presumably distribution specific and not transmission?
- b. For the SWEPCO and OKT tabs, please rerun the report specific to Account 371, similar to the PSO tab.
- c. For any JE Description of "Accounts Payable Accrual" for the "DISTR" Business_Unit_PC, please provide a description of the specific work or service performed related to each accrual greater than \$10,000.

Response:

a. The Business_Unit_PC chartfield is driven off of the Project ID and does not represent the Business Unit. DISTR is shown due to the mechanics of how invoices are paid out. For example, the Distribution BU 167 pays the invoice initially and then transfers the expense to the appropriate Business Unit via an intercompany transaction, which shows up as DISTR in the ledger to represent where the charge is coming from internally. The charges relate to Transmission activity (e.g. forestry tree trimming of transmission lines) and not Distribution activity.

b. See JI-2-47_Attachment_1

c. See JI-2-47_Attachment_2 column R provides a description of the service provided.

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Data Request 48:

PSO

In reference to AEP's response to 1-88 and 1-122, please provide the full accounting entries to record the sale of the Alliance Railcar Facility. Please identify each account debited or credited to remove the asset from service, record cash receipts, and recognize any gain or loss on the sale.

Response:

Please refer to JI-2-48 Attachment 1_SEND and JI-2-48 Attachment 2_SEND for the entries recorded by the Property Accounting team. The retirement entry support was provided as part of response JI-1-88 and JI-1-122 and resulted in a Powerplan-generated entry which credited 1010001 and debited 1080001. Tax gain/loss on the sale is included with other retirements for the year. See JI-2-48_Attachment 3 for entry related to accrual of cash receipt.

Date: 11/14/2023

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Data Request 49:

PSO

In reference to AEP's response to 1-92, please provide the single line (*i.e.* one line) diagrams for each of the six substations included in Attachment "JI-1-092 Attachment 1." On each diagram, please either highlight the individual equipment that is classified as distribution or indicate the demarcation point where the transmission function ends and the distribution function begins. In addition, please also rerun Attachment "JI-1-092 Attachment 1" to include asset id, asset long description, quantity, vintage year, work order description, retirement unit id and retirement unit description.

Response:

The requested one line diagram information is considered competitively sensitive information. It will be made available for review at the Company's offices during normal business hours. Please see JI-2-49 Attachment 1 for the requested report.

Date: 11/14/2023

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Data Request 50:

PSO

In reference to AEP's response to 1-93, Attachment "1-93_Attachment_5," please provide a detailed description of the types of services performed for each of the following items:

- a. 10811 - Regulatory Services in the amount of \$344,461
- b. 12321 - Fuel Cost Recovery Admin in the amount of \$410
- c. 13068 - Pricing & Analysis in the amount of \$266,005
- d. 13689 - RTO Reg Services in the amount of \$81,412

Response:

- a. \$327,869 Admin. & Gen. Salaries, \$16,592 Other Regulatory Services.
- b. \$351 Admin. & Gen. Salaries, \$59 Other Pricing & Analysis Services.
- c. \$265,952 Admin. & Gen. Salaries, \$53 Other Pricing & Analysis Services.
- d. \$81,412 Admin. & Gen. Salaries.

Date: 11/14/2023

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Data Request 51:

PSO

In reference to AEP's response to 1-94, please provide the data to subpart (i) and (v) as requested in order to tie the amounts to the template.

Response:

Please refer to '2-51 Attachment 1_Send' for the information related to subparts (i) and (v) requested in 1-94.

Date: 11/14/2023

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Data Request 52:

PSO

In reference to AEP's responses to 1-96, 1-128, please identify the related balance sheet amounts (for example, as AEP indicated in response to 1-96 that ADIT Item 602A is related to FERC Account No. 228) for all of the items listed in subparts (a)-(q) of the original request without consideration for whether AEP considers the related balance sheet amounts to be unfunded or partially funded reserves and, for each item identified in subparts (a)-(q) of the original request, identify the related income statement account numbers (*e.g.*, amounts recorded to FERC Account 228.2 would be related to amounts recorded to FERC Account No. 925).

Response:

See JI 2-52 Attachment 1.

Date: 11/14/2023

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Data Request 53:

PSO

In reference to AEP's response to 1-98(b), please:

- a. Describe the change in accounting method filed with the IRS;
- b. Explain what AEP means by the text "(ii) and (iii) Tax only;"
- c. Explain why AEP considers it appropriate to allocate any of this ADIT to ratepayers if the ADIT is unrelated to any expenses or non-ADIT balance sheet amounts included in the formula rate templates.

Response:

- a. The change in accounting method filed with the IRS was, "the taxpayer will compute the tax depreciation allowance for qualifying 15-year and 20-year Indian reservation property over 9 years and 12 years, using the 150% declining method in accordance with section 168(b)(2) and 168(j)".
- b. This is a deferred tax only item with no underlying revenue or expense.
- c. The expense is related to all functions so the PTD allocator is the most appropriate.

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Data Request 54:

PSO

In reference to AEP's response to 1-98(k), please clarify whether this ADIT item is for amounts that have been contributed to a trust but that are not tax-deductible (and, if so, explain why they are not deductible), or for amounts that are not tax deductible because they have not been contributed to a trust. If neither of these descriptions is correct, please provide more detail explaining the "NON-DEDUCT CONT" designation of this ADIT

Response:

906D SFAS 106 PST Retire Exp - Non-Deduct Cont is a voluntary employees' beneficiary contribution fund that is non-deductible according to IRC 501(c)(9).

Date: 11/14/2023

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Data Request 55:

PSO

In reference to AEP's response to 1-98(n), 1-113, and 1-130, please (i) clarify what the correct inputs should be and (ii) provide supporting documentation and calculations.

Response:

Please see 2-55 Attachment 1 for the journal entries to recategorize 282 and 283 Excess Adjustment accounts. Correct inputs were provided in response to 1-113.

Date: 11/14/2023

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Data Request 56:

PSO

In reference to AEP's response to 1-98(r), please explain why AEP does not record the accrual to FERC Account No. 925.

Response:

The FERC Account No. for 602A Prov Worker's Comp is 9250006. The FERC Account No. of 935 in response 1-98(r) was incorrect.

Date: 11/14/2023

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Data Request 57:

PSO

In reference to AEP's response to 1-98(u), please explain why the underlying account is FERC Account No. 242, rather than to an expense account.

Response:

Historically, PSI was a cash payout based on the underlying performance of AEP stock. The program transitioned to the method of settling in shares, rather than cash. This was approved for the 2017-2019 PSI cycle. Due to the nature of the plan, the underlying account is to a balance sheet account rather than to an expense account.

Date: 11/14/2023

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Data Request 58:

PSO

In reference to AEP's response to 1-98(y), please explain why a book accrual recorded to FERC Account No. 506 (*i.e.*, a production expense account) is properly considered attributable to employees in all electric utility functions.

Response:

613Y - Accrued Bk Severance Benefits is attributable to employees in all electric utility functions because the accrual is related to labor.

Date: 11/14/2023

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**Responses to Multiple Intervenors
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Data Request 59:

PSO

In reference to AEP's response to 1-99, ADIT item 520A related to refunds of previously billed amounts, please provide the following:

- a. State whether this item is related to a regulatory asset. If yes, please provide the FERC Form 1 page and associated line.
- b. If yes to subpart a., state whether AEP has received FERC authorization to recover the regulatory asset/liability. If yes, please provide the associated FERC Docket Nos.
- c. Identify the FERC account(s) where the underlying revenues or expenses that gave rise to this ADIT were recorded.
- d. State whether this is related to a balance sheet item.

Response:

- a. No. Provs Poss Rev Refds are not related to a regulatory asset.
- b. N/A
- c. The underlying accounts are 449, 456, 565, and 566.
- d. The balance sheet accounts that are related to Provs Poss Rev Refds are the following: 2290002, 2290003, 2290004, 2290006, 2290021, 2290022, 2420514, 2420700, 2530125, 2530190, and 2540143.

Date: 11/14/2023

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Data Request 60:

PSO

In reference to AEP's response to 1-100, Attachment 1-100 WS D – PSO 2020, tab “1650001 Plant_Labor Allocation,” Row 10 – Casualty Insurance, please provide (i) a detailed explanation of what type of insurance this represents and (ii) the FERC account where the expense associated with this prepayment is ultimately recorded.

Response:

- (i) Automobile coverage for legal liability for bodily injury and/or property damage arising out of the owned, non-owned, leased or hired vehicles. Commercial general liability for legal liability or property damage to others.
- (ii) FERC 9250.

Date: 11/14/2023

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Data Request 61:

PSO

In reference to AEP's response to 1-100, Attachment 1-100 WS D – PSO 2020, tab "1650021 Plant_Labor Allocation," Row 13 – EIS - Public Liability Deductible Reimbursement, please provide the following:

- a. A detailed explanation of what type of insurance this represents.
- b. The FERC account where the expense associated with this prepayment is ultimately recorded.
- c. Explain what the "reimbursement" is and when it is reimbursed, what FERC account it is recorded into.

Response:

- a. PLDR reimburses AEP for amounts paid for damages to third parties. Premiums are charged to the prepaid account 1650021 and expensed to 9250000.
- b. FERC 9250.
- c. See response to subpart a above.

Date: 11/14/2023

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**Responses to Multiple Intervenors
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Data Request 62:

PSO

In reference to AEP's response to 1-102, please provide a schedule of (i) AEP's contributions to the AEP medical plan and (ii) AEP's actuarially-determined expense by year. For each year, in which AEP made a contribution to the plan that put the cumulative total of contributions in excess of the cumulative total of actuarially-determined expense, please fully explain AEP's decision to make such contributions and provide supporting workpapers, analyses, calculations or other documentation.

Response:

PSO's actuarially determined expense in 2020 was (\$6,503,835) and no contributions were made to the trust.

Date: 11/14/2023

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Data Request 63:

PSO

In reference to AEP's response to 1-103b., c., d., e., AEP did not respond to the "In addition..." questions for each of these subparts. Please provide a response per the initial request.

Response:

c. Regulatory & Legislative Activities

d. No, these are not costs related to appearing before FERC. These are labor and related labor costs of personnel that are performing Federal and/or State Regulatory and Legislative Activities for Oklahoma including but not limited to policy development, regulatory case management and other regulatory and legislative support.

e. The \$414 was inadvertently included in the non-transmission column. The explanation provided on Worksheet J represents the costs recorded to 9280005 and are labor costs directly associated with formula rate filings at FERC.

Date: 11/14/2023

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Data Request 64:

PSO

In reference to AEP's response to 1-103, Attachment "1-103_Attachment_1," for each of the codes included in the Columns "PROJECT_ID" and "ACTIVITY_ID" please provide a detailed description of each code for every tab in this attachment.

Response:

Please see JI-2-64_Attachment_1.xlsx

Date: 11/14/2023

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Data Request 65:

PSO

In reference to AEP's response to 1-105b., "Attachment 1-105_Attachment_1," it appears that \$9,208,629 of these expenses is related to "Accounts Payable Accrual," please provide the following:

- a. An explanation as to why these accruals are being recorded to Account 930.2.
- b. How AEP has determined they are 100% transmission.
- c. The entity by which the "Account Payable Accrual" is being utilized to fund.
- d. An explanation as to why 100% transmission Accounts Payable Accruals are also recorded in Account 566. In addition, please state whether those amounts should be additive or whether they are duplicative of amounts already in Account 566. (See Data Request 2-28 above).

Response:

- a. They are related to Associated Business Development projects performed by the transmission as described in column N of JI-2-65_Attachment_1
- b. They are related to ABD projects performed by the transmission group.
- c. See column R of JI-2-65_Attachment_1 for the entity or individual paid as part of the accrual.
- d. These expenses are for ABD transmission projects, and were not charged in 5660000 which is a misc. expense account instead of specifically for ABD expenses.

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Data Request 66:

PSO

In reference to AEP's response to Data Request 106, AEP stated, "In the past, we didn't have the granularity in the data to directly assign the collected revenue. Please see question 1-74 for the file associated with cells O42 and O43 showing the collected amounts. In the past the Company did not." AEP's response is incomplete. Please complete the response to the original question posed in Data Request 1-106.

Response:

The assigned collected revenue is directly input into cells J59 and J60 which was not previously available. By having this data available, it was directly input and not calculated.

Date: 11/14/2023

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Data Request 67:

OKT

In reference to AEP's response to 1-109 and the attached detail in "1-109 Attachment 1_SEND," please rerun the report to also include the asset id, asset long description, quantity, vintage year, work order description, retirement unit id and retirement unit description.

Response:

See '2-67 attachment 1_SEND' attached.

Date: 11/14/2023

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Data Request 68:

OKT

In reference to AEP's response to 1-111, OKT, please provide a detailed description of each of the following expenses:

- a. Excel Row 5 – PREPAYAMRT in the amount of \$21,989
- b. Excel Row 8 - AMERICAN WIND ENERGY ASSOC in the amount of \$3,259 – In addition, please provide an explanation as to how a wind energy association membership supports a transmission only company.
- c. Excel Row 13 - NATIONAL GOVERNORS ASSOCIATION in the amount of \$1,686
- d. Excel Row 24 - SOCIAL MEDIA ORG in the amount of \$495 – In addition, please provide an explanation as to why these expenses were not recorded to Account 930.1.
- e. Excel Row 55 - Money Pool Charges in the amount of \$641 – In addition, please provide an explanation as to why these short-term interest amounts were not recorded in Account 431 and excluded from the formula rate template.

Response:

- a. This represents OKTCO's share of allocated AEPSC Company memberships that were amortized into expense over the membership period, and, therefore, our system didn't carry through the vendor information in the system through the AEPSC allocation process. Based on analysis of the journal entry on AEPSC's books, these memberships appear to include the following vendors: United State Chamber of Commerce, Global Sustainable Electricity Partnership, G100 Inc, Business Roundtable, and American Wind Energy Assoc. This should be netted with the RECLASSPRE journal ID as that entry is the credit to reclassify the payment to prepaid so that it can be amortized over membership period.
- b. This represents AEP's 2020 membership in the Association. These were billed in error to OKT and the Company will provide an adjustment in the next true-up.
- c. This represents AEP's membership in the association and OKTCO's share of that membership allocated from AEPSC.
- d. This relates to AEP's membership with SocialMedia.org, so it wasn't an advertising expense, so it was recorded in account 930.2 instead of 930.1.
- e. These charges relate to expenses associated with the AEP Utility Money Pool, not interest expense from the Money Pool, which is recorded to Account 431.

Date: 11/14/2023

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Data Request 69:

OKT

In reference to AEP's response to 1-112 and Attachment "JI-1-112 Attachment 1," please provide single line (*i.e.* one line) diagrams for all of the equipment included in the Attachment 1 report, which appears to cover transmission lines 81684 through 81687. Please ensure the diagrams display at least the equipment between the relevant GSU and the point of interconnection to the AEP transmission network.

Response:

The requested one line diagram information is considered competitively sensitive information. It will be made available for review at the Company's offices during normal business hours.

Date: 11/14/2023

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Data Request 70:

SWEPCO

In reference to AEP's response to 1-121 and Attachment "1-121 Attachment 1_SEND," please rerun the supporting file to include the asset ID, asset long description, quantity, vintage year, work order description, retirement unit and retirement unit description.

Response:

See '2-70 attachment 1_SEND' attached.

Date: 11/14/2023

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Data Request 71:

SWEPCO

In reference to AEP's response to 1-123, based on a review of the data in the attachment, it appears that the increase in Account 926 is related to SFAS112 Postemployment Benef increase of \$2,348,554. Please provide a detailed description of what this item represents and the driver behind the increase.

Response:

This account represents the change in the SFAS112 Postemployment obligation for Long Term Disability claims. The postemployment obligation is measured annually by Willis Towers Watson with the true-up being recorded to the 926 account. This obligation is based on the volume and severity of injuries incurred while actively working for AEP, which can vary significantly from year to year and claim to claim. A specific driver of this obligation cannot be determined without examining the medical claims approved for LTD.

Date: 11/14/2023

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Data Request 72:

SWEPCO

In reference to AEP's response to 1-124, based on a review of the data in the attachment, it appears that the AEPSC Bill makes up the majority of the increase by \$2,929,733. However, there is no further details as to what each charge in this category represents. Please provide a detailed description of what this item represents and the driver behind the increase.

Response:

The major driver for AEPSC increased billings in 9200 for 2020 vs 2019 was for retirement incentive and severances in 2020.

Date: 11/14/2023

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Data Request 73:

SWEPCO

In reference to AEP's response to 1-126, please provide the data to subpart (i) and (v) as requested in order to tie the amounts to the template.

Response:

Please refer to '2-73 Attachment 1_Send' for data related to subparts (i) and (v) in question 1-126.

Date: 11/14/2023

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Data Request 74:

SWEPCO

In reference to AEP's response to 1-129, including the attachment 1-129 Attachment 1.pdf related to SWEPCO WS C-1 ADIT EOY, 960F-XS EXCESS ADFIT 283 – UNPROTECTED, for the 2020 Accruals, please provide:

- a. The 1-120 Attachment 1.pdf in Excel format (fully functional);
- b. A detailed explanation the "Beg Bal For January" amount for 2020 for the "960F-XS EXCESS ADFIT 283 – UNPROTECTED" was \$0, when the remeasurement for the TCJA should have been performed and recorded at the end of December, 2017;
- c. A detailed description of the "Activity For January - Dolet" amount for 2020 for the "960F-XS EXCESS ADFIT 283 – UNPROTECTED" totaling \$11,531,367.52;
- d. A detailed listing of the supporting individual book/tax timing differences and the individual Excess and Deficient ADIT amounts which sum to the net "Activity For January – Dolet," totaling \$11,531,364.52, in Excel format (fully functional);
- e. A detailed explanation for the additional \$1,421,583.66 ADIT amount, including copies of the supporting documentation for the individual book/tax timing differences and the individual Excess and Deficient ADIT amounts which compose the respective line Total For PowerTax Subledger DIT, in Excel format (fully functional);
- f. Copies of all supporting detailed documentation to the PowerTax Subledger Deficient ADFIT and Excess ADFIT amounts which supports the net Deficient ADFIT balance of \$11,531,364.52; and
- g. A detailed explanation, including copies of all guidance (FERC, third-party, etc.) for AEP's basis to record the net combined balance from the Unprotected Deficient ADFIT balance from Account 190 and the Unprotected Excess ADFIT balance for Account 283 as a net Unprotected Deficient ADFIT balance recorded in Account 283.

Response:

- a. Response 1-129 Attachment 1 is a report out of the company's Tax Provision Software. The report does not include formulas.
- b. In 2020, the Company decided to consolidate the Excess accounts to one line line instead of accounting for all the different jurisdictions. Reclasses were made from the balances of the other jurisdiction lines to "960F-XS Excess ADFIT 283 - Unprotected" activity with the beginning balance being zero. Line "960F-XS Excess ADFIT 283 - Unprotected" with the zero balance is presentation only.

- c. The \$11,531,367.52 is the total amount of SWEPCO Excess ADFIT 283 - Unprotected for all jurisdictions.
- d. The balances relate to the re-measurement of the ADFIT balances related to timing differences as of 12-31-2017, per the enactment of The Tax Cuts and Jobs Act. These timing differences are non-plant related timing differences.
- e. The \$1,421,583.66 ADIT amount represents the 2020 amortization activity in Excess ADFIT 283 - Unprotected.
- f. After the remeasurement of the TCJA balances, the details are no longer tracked on an individual timing difference level.
- g. Accounts 190 and 283 were non-property related and the company netted both accounts in Account 283.

Date: 11/14/2023

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Data Request 75:

SWEPCO

In reference to AEP's response to 1-130(b), please:

- a. Explain what AEP means by a "synthetic" lease;
- b. Provide a list of all synthetic leases referenced in the response;
- c. Describe the nature and purpose of each lease identified in subpart (b) above; and
- d. Please reconcile AEP's responses to subpart (iv) of 1-98(ff) and (gg) and 130(ff) and (gg).

Response:

- a. AEP refers to synthetic leases as sale-lease back transactions for which the book treatment is operating in nature while the tax treatment is capital in nature.
- b. The west companies do not have any "synthetic" leases.
- c. The nature of the leases are computer equipment and vehicles. Leases on the west companies are capital for both book and tax purposes.
- d. Both files should have stated "The company believes it should be allocable on labor because the Company incurs the underlying expense that gives rise to this ADIT item."

Date: 11/14/2023

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Data Request 76:

SWEPCO

In reference to AEP's response to 1-130(x) and (y), please:

- a. Explain why AEP records the underlying amounts to FERC Account Nos. 234 and 242, respectively, rather than to FERC Account No. 228.4;
- b. Indicate the underlying expense account numbers related to this ADIT; and
- c. Clarify why the ADIT attributable to the short-term accrued environmental liability is attributable to all three functions when the long-term accrued environmental liability is attributable to distribution.

Response:

- a. Historically 613C Accrued Environmental Liab - Current has been recorded to account 2420081 Environmental Remediation Accrual because the book to tax difference is environmental, instead of recording the entry to a miscellaneous account 228.4 which is Accumulated Miscellaneous Operating Provisions.
- b. The FERC accounts for 613C is account 2340001 and the FERC account for 613F is account 5880000.
- c. 613F Accrd Environmental Liab. - LT should also be attributable to all three functions as 613C, instead of being allocated to exclusion.

Date: 11/14/2023

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Data Request 77:

SWEPCO

In reference to AEP's response to 1-130(z), please explain why AEP records the underlying expense to FERC Account No. 930 if the costs are attributable to distribution.

Response:

The account that is driving the ADIT for 613U - BK Accrual Cook Ct Rent Holiday is account 2420504 - Accrued Lease Expense, not account 930. Monthly lease expense is debited (variety of expense accounts) and the offset credit entry is to account 2420504. As payments are made to our lessors, the company debits account 2420504 and credits an accounts payable account until the cash is disbursed.

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Data Request 78:

SWEPCO

In reference to AEP's response to 1-131, based on AEP's response the Company indicates that this item is labor related, please provide clarification as to whether AEP is correcting this ADIT to be based on labor instead of plant.

Response:

Yes, the Company will be using a labor allocation on this item.

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Data Request 79:

SWEPCO

In reference to AEP's response to 1-132c., SWEPCO WS D Working Capital, Acct No. 1650001, Line 4- Prepaid Insurance, please provide the following:

- a. A detailed explanation of the change in allocation methodology updated in 2020, including any support and rationale for the change.
- b. Identify the specific items that had allocation changes.
- c. Identify the FERC accounts where each item in subpart b. are ultimately recorded.

Response:

a & b. Prior to 2020, the balance was allocated based on historical activity in the accounts used to amortize balances from 1650001 (e.g. 9240 & 9250). In 2020, the allocation method was enhanced to allocate the existing balance by insurance policy to forecast where the balance will ultimately be amortized.

c. FERC 9240 (Property) and 9250 (Labor).

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Data Request 80:

SWEPCO

In reference to AEP's response to 1-133, please provide the justification for including prepayments related to Texas gross receipts taxes when the final gross receipt tax expense is properly excluded from the formula rate template on "SWEPCO WS L Other Taxes" Line 2.

Response:

The entire amount of the \$477,290 relates to Texas Gross Receipts, and it should have been excluded in the formula.

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Data Request 81:

SWEPCO

In reference to AEP's response to 1-135b., AEP did not respond to the "In addition..." question in this subpart. Please provide a response per the initial request.

Response:

These expenses were not related to appearing before FERC. The expenses include activity related to legal fees, consulting fees, copying/fax, delivery expenses, administrative duties related to rate case requirements, and are attributable to various cases.

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Data Request 82:

SWEPCO

In reference to AEP's response to 1-135, 1-135_Attachment_1, for each of the codes included in the Columns "PROJECT_ID" and "ACTIVITY_ID" please provide a detailed description of each code for every tab in this attachment.

Response:

Please see JI-2-82_Attachment_1.xlsx

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Data Request 83:

SWEPCO

In reference to AEP's response to 1-136, 1-136_Attachment_1, for each of the codes included in the Columns "PROJECT_ID" and "ACTIVITY_ID" please provide a detailed description of each code for every tab in this attachment.

Response:

Please see JI-2-83_Attachment_1.

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Data Request 84:

SWEPCO

In reference to AEP's response to 1-137a., 1-137_Attachment_1, Line 3 – “Clear Costs For Cancelled WOs,” please provide (i) a detailed listing of the projects cancelled, including descriptions and (ii) identify the FERC accounts these cancelled workorders were written off from.

Response:

(i) Hughes Springs-Lone Star South.
(ii) FERC 1070.

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Data Request 85:

SWT

In reference to AEP's response to 1-140, please verify whether any of the Cook Coal Terminal assets are recorded on I&M, PSO, or SWEPCO's books. To the extent, any of the Cook Coal Terminal assets are recorded on any of the OpCo's books, please provide the FERC account used and the associated amounts.

Response:

No Cook Coal Terminal assets are recorded on I&M, PSO, or SWEPCO's books.

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Data Request 86:

SWT

In reference to AEP's response to 1-140, please verify whether the accounting provided in 1-140_Attachment_1 represents the revenues and expenses recorded on AEGCo's books in FERC Account 417. To the extent the attachment does not represent the accounting on SWEPCO's books for Cook Coal Terminal charges, please provide the same level detail supporting the expenses recorded by SWEPCO for Cook Coal Terminal charges in 2020.

Response:

JI-1-140_Attachment_1 represents the revenues and expenses recorded on AEGCo's books in FERC Account 417. See JI-2-86 Attachment 1. Note that Cook coal charges are part of amounts on SWEPCo in attachment.

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Data Request 87:

SWT

In reference to AEP's response to 1-143, SWEPCo's FERC Form 1, Page 232.1, Line 32 - Deferred Storm Expense, please provide a detailed tabulation by FERC accounts "560/566/570/571/580/583/588/592/593/908/930/931/935" as referenced in the request and demonstrate how those amounts that are included in accounts within the formula rate template are removed.

Response:

Please see JI-2-87 Attachment_1. The Company removed the deferral related to the Storm expense on Worksheet S.

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Data Request 88:

SWT

In reference to AEP's response to 1-143, SWEPCo's FERC Form 1, Page 232.1 – Line 38 – COVID-19 deferred expense, please provide a detailed tabulation by FERC accounts "512/513/514/553/588/593/920/921/923/930/935" as referenced in the request and demonstrate how those amounts that are included in accounts within the formula rate template are removed.

Response:

Please see JI-2-88_Attachment_1 for breakout by account. The Company should have removed the (\$357,517) deferral recorded to A&G accounts. Removing the deferral would have increased the revenue requirement by approximately \$28,000.

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Data Request 89:

SWT

In reference to AEP's response to 1-145, including the attachment 1-145 Attachment 1.pdf related to SWT's FERC Form 1, Page 276, for Account 283 – Accumulated Deferred Income Taxes - Other, please provide:

- a. Confirm that the main reason that SWT's FERC Account 283 has a "negative" or "debit" balance is due to AEP's recording all the following: (1) the Excess ADFIT 283 – Unprotected (Deficient) balance; (2) the DSIT Entry – Normalized (Deficient) balance; and (3) the NOL-Stater C/F-Valuation Allowance (Deficient) balance to FERC Account 283 in lieu of recording those balances to either FERC Account 190 or FERC Account 182.3; and
- b. If confirmation cannot be provided, please provide a detailed description and explanation for FERC Account 283 having a "negative" or "debit" balance.

Response:

- a. SWT's FERC Form 1, Page 276, account 283 - Accumulated Deferred Income Taxes - Other has a "debit" balance because of the Excess ADFIT 283 Unprotected Balance. Also see response for 2-74 g.
- b. N/A

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Data Request 90:

SWT

In reference to AEP's response to 1-146, please provide the single line (*i.e.* one line) diagrams for each of the substations included in the JI-1-146 Attachment 1. On each diagram, please either highlight the individual equipment that is classified as distribution or indicate the demarcation point where the transmission function ends and the distribution function begins. Please also rerun the attached report to include asset id, asset long description, quantity, vintage year, work order description, retirement unit id and retirement unit description.

Response:

The requested one line diagram information is considered competitively sensitive information. It will be made available for review at the Company's offices during normal business hours. Please see JI-2-090 Attachment 1 for the requested report.

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Data Request 91:

SWT

In reference to AEP's response to 1-148, SWT WS C-1 ADIT EOY, Line 28 DSIT Entry – Normalized, please provide a detailed explanation and copies of all supporting documentation and calculations for the “DSIT Entry – Normalized reflected on Excel row 28 is a “debit” amount of \$17,587 to Account 283 and the DSIT – Normalized reflected on Excel row 37 is a “credit” amount of (\$3,693) to Account 190, which are “opposite sign” or “contra” amounts from the normal amounts/balances in FERC Accounts 283 and 190 respectively.

Response:

Please see JI-2-91 Attachment 1 for supporting workpapers for the calculation of the DSIT Entry. SWT has cumulative addbacks instead of deducts because they are in a taxable loss. The \$3,693 is 21% of the \$17,587.

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