

THIS FILING IS

Item 1: An Initial (Original) Submission OR Resubmission No. _____

Form 60 Approved
OMB No. 1902-0215
Expires 01/31/2023



FERC FINANCIAL REPORT

FERC FORM No. 60: Annual Report of Centralized Service Companies

This report is mandatory under the Public Utility Holding Company Act of 2005, Section 1270, Section 309 of the Federal Power Act and 18 C.F.R. § 366.23. Failure to report may result in criminal fines, civil penalties, and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)

American Electric Power Service Corporation

Year of Report

Dec 31, 2020

**FERC FORM NO. 60
ANNUAL REPORT FOR SERVICE COMPANIES**

IDENTIFICATION

01 Exact Legal Name of Respondent American Electric Power Service Corporation		02 Year of Report Dec 31, <u>2020</u>
03 Previous Name (If name changed during the year)		04 Date of Name Change / /
05 Address of Principal Office at End of Year (Street, City, State, Zip Code) 1 Riverside Plaza, Columbus, OH 43215		06 Name of Contact Person Brian T. Lysiak
07 Title of Contact Person Accounting Sr Mgr, Regulated Acctg - AEPSC		08 Address of Contact Person 1 Riverside Plaza, Columbus, OH 43215
09 Telephone Number of Contact Person (614) 716-2666		10 E-mail Address of Contact Person btlysiak@aep.com
11 This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		12 Resubmission Date (Month, Day, Year) / /
13 Date of Incorporation 12/17/1937	14 If Not Incorporated, Date of Organization / /	
15 State or Sovereign Power Under Which Incorporated or Organized NEW YORK		
16 Name of Principal Holding Company Under Which Reporting Company is Organized: American Electric Power		

CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

17 Name of Signing Officer Jeffrey W. Hoersdig	19 Signature of Signing Officer	20 Date Signed (Month, Day, Year)
18 Title of Signing Officer Assistant Controller	Jeffrey W. Hoersdig	04/22/2021

List of Schedules and Accounts

1. Enter in Column (c) the terms "None" or "Not Applicable" as appropriate, where no information or amounts have been reported for certain pages.

Line No.	Description (a)	Page Reference (b)	Remarks (c)
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Schedule I - Comparative Balance Sheet

1. Give balance sheet of the Company as of December 31 of the current and prior year.

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
1		Service Company Property			
2	101	Service Company Property	103	265,897,015	266,556,157
3	101.1	Property Under Capital Leases	103	206,715,126	181,243,772
4	106	Completed Construction Not Classified		15,322,625	11,659,478
5	107	Construction Work In Progress	103	18,609,137	22,455,389
6		Total Property (Total Of Lines 2-5)		506,543,903	481,914,796
7	108	Less: Accumulated Provision for Depreciation of Service Company Property	104	133,643,197	131,554,388
8	111	Less: Accumulated Provision for Amortization of Service Company Property		5,928,686	5,295,351
9		Net Service Company Property (Total of Lines 6-8)		366,972,020	345,065,057
10		Investments			
11	123	Investment In Associate Companies	105		
12	124	Other Investments	105	245,788,868	225,151,973
13	128	Other Special Funds	105	206,413,156	157,168,400
14		Total Investments (Total of Lines 11-13)		452,202,024	382,320,373
15		Current And Accrued Assets			
16	131	Cash		11,151,007	14,397,060
17	134	Other Special Deposits		172,725	9,768,525
18	135	Working Funds		11,340,601	15,251,932
19	136	Temporary Cash Investments			
20	141	Notes Receivable			
21	142	Customer Accounts Receivable		1,087,598	1,115,080
22	143	Accounts Receivable		2,547,526	2,847,112
23	144	Less: Accumulated Provision for Uncollectible Accounts			
24	146	Accounts Receivable From Associate Companies	106	246,432,316	248,659,164
25	152	Fuel Stock Expenses Undistributed	107		
26	154	Materials And Supplies		458,759	461,973
27	163	Stores Expense Undistributed	108		
28	165	Prepayments		46,328,794	41,206,722
29	171	Interest And Dividends Receivable			
30	172	Rents Receivable			
31	173	Accrued Revenues			
32	174	Miscellaneous Current and Accrued Assets			
33	175	Derivative Instrument Assets	109		
34	176	Derivative Instrument Assets – Hedges			
35		Total Current and Accrued Assets (Total of Lines 16-34)		319,519,326	333,707,568
36		Deferred Debits			
37	181	Unamortized Debt Expense			
38	182.3	Other Regulatory Assets		464,671,907	494,407,856
39	183	Preliminary Survey And Investigation Charges			
40	184	Clearing Accounts			
41	185	Temporary Facilities			
42	186	Miscellaneous Deferred Debits		491,037	754,150
43	188	Research, Development, or Demonstration Expenditures	110		
44	189	Unamortized loss on reacquired debt	111		
45	190	Accumulated Deferred Income Taxes		96,020,976	73,927,985
46		Total Deferred Debits (Total of Lines 37-45)		561,183,920	569,089,991
47		TOTAL ASSETS AND OTHER DEBITS (TOTAL OF LINES 9, 14, 35 and 46)		1,699,877,290	1,630,182,989

Schedule I - Comparative Balance Sheet (continued)

Line No.	Account Number (a)	Description (b)	Reference Page No. (c)	As of Dec 31 Current (d)	As of Dec 31 Prior (e)
48		Proprietary Capital			
49	201	Common Stock Issued	201	1,350,000	1,350,000
50	204	Preferred Stock Issued	201		
51	211	Miscellaneous Paid-In-Capital	201	7,052,116	7,052,116
52	215	Appropriated Retained Earnings	201		
53	216	Unappropriated Retained Earnings	201		
54	219	Accumulated Other Comprehensive Income	201		
55		Total Proprietary Capital (Total of Lines 49-54)		8,402,116	8,402,116
56		Long-Term Debt			
57	223	Advances From Associate Companies	202		
58	224	Other Long-Term Debt	202		
59	225	Unamortized Premium on Long-Term Debt			
60	226	Less: Unamortized Discount on Long-Term Debt-Debit			
61		Total Long-Term Debt (Total of Lines 57-60)			
62		Other Non-current Liabilities			
63	227	Obligations Under Capital Leases-Non-current		172,935,714	147,585,132
64	228.2	Accumulated Provision for Injuries and Damages		66,742	144,119
65	228.3	Accumulated Provision For Pensions and Benefits		428,771,137	450,483,914
66	230	Asset Retirement Obligations			
67		Total Other Non-current Liabilities (Total of Lines 63-66)		601,773,593	598,213,165
68		Current and Accrued Liabilities			
69	231	Notes Payable			
70	232	Accounts Payable		93,327,950	113,574,475
71	233	Notes Payable to Associate Companies	203	428,996,307	348,923,979
72	234	Accounts Payable to Associate Companies	203	38,154,429	53,428,295
73	236	Taxes Accrued		60,323,841	9,936,652
74	237	Interest Accrued		(243)	
75	241	Tax Collections Payable		3	904,649
76	242	Miscellaneous Current and Accrued Liabilities	203	296,810,732	308,186,420
77	243	Obligations Under Capital Leases – Current		34,367,961	34,096,784
78	244	Derivative Instrument Liabilities			
79	245	Derivative Instrument Liabilities – Hedges			
80		Total Current and Accrued Liabilities (Total of Lines 69-79)		951,980,980	869,051,254
81		Deferred Credits			
82	253	Other Deferred Credits		14,590,809	38,207,267
83	254	Other Regulatory Liabilities		13,589,689	13,256,724
84	255	Accumulated Deferred Investment Tax Credits			
85	257	Unamortized Gain on Reacquired Debt			
86	282	Accumulated deferred income taxes-Other property		72,715,917	58,365,832
87	283	Accumulated deferred income taxes-Other		36,824,186	44,686,631
88		Total Deferred Credits (Total of Lines 82-87)		137,720,601	154,516,454
89		TOTAL LIABILITIES AND PROPRIETARY CAPITAL (TOTAL OF LINES 55, 61, 67, 80, AND 88)		1,699,877,290	1,630,182,989

Schedule II - Service Company Property

1. Provide an explanation of Other Changes recorded in Column (f) considered material in a footnote.
2. Describe each construction work in progress on lines 18 through 30 in Column (b).

Line No.	Acct # (a)	Title of Account (b)	Balance at Beginning of Year (c)	Additions (d)	Retirements or Sales (e)	Other Changes (f)	Balance at End of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant	132,805		245		132,560
3	306	Leasehold Improvements	9,460,924	242,734			9,703,658
4	389	Land and Land Rights	7,394,806				7,394,806
5	390	Structures and Improvements	260,637,474	7,570,431	2,850,869		265,357,036
6	391	Office Furniture and Equipment	64,210,314	2,074,604	14,876,218	77,273	51,485,973
7	392	Transportation Equipment	113,219,816	57,592,405	17,729,410	(148,116)	152,934,695
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment	29,066,114	9,382,567	326,663		38,122,018
10	395	Laboratory Equipment	8,722,660	39,396	683,125		8,078,931
11	396	Power Operated Equipment					
12	397	Communications Equipment	23,865,185	3,105,594	7,022,968		19,947,811
13	398	Miscellaneous Equipment	4,273,554	354,922	123,530		4,504,946
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16		Total Service Company Property (Total of Lines 1-15)	520,983,652	80,362,653	43,613,028	(70,843)	557,662,434
17	107	Construction Work in Progress:					
18		Capitalized Software	61,656	(60,693)			963
19		General and Misc Equipment	8,688,744	(1,969,920)			6,718,824
20		Improvements to Office Buildings	13,704,989	(1,815,639)			11,889,350
21							
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30							
31		Total Account 107 (Total of Lines 18-30)	22,455,389	(3,846,252)			18,609,137
32		Total (Lines 16 and Line 31)	543,439,041	76,516,401		(70,843)	576,271,571

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
American Electric Power Service Corporation			
FOOTNOTE DATA			

Schedule Page: 103 Line No.: 32 Column: c

	<u>Balance at</u> <u>Beginning of Year</u>
101 Service Company Property	\$ 266,556,157
101.1 Property Under Capital Lease*	242,768,017
106 Completed Construction Not Classified	11,659,478
107 Construction Work In Progress	22,455,389
Total	\$ 543,439,041

* Provision for leased assets in the amount of (\$61,524,245) included in FERC Account 101.1 is shown on page 104.

Schedule Page: 103 Line No. 32, Column: f

	<u>Other Changes</u>
Lease Transfers	\$ (70,843)
Total	\$ (70,843)

Schedule Page: 103 Line No. 32, Column: g

	<u>Balance at</u> <u>End of Year</u>
101 Service Company Property	\$ 265,897,015
101.1 Property Under Capital Lease*	276,442,794
106 Completed Construction Not Classified	15,322,625
107 Construction Work In Progress	18,609,137
Total	\$ 576,271,571

* Provision for leased assets in the amount of (\$69,727,668) included in FERC Account 101.1 is shown on page 104.

	<u>End of Year</u>		<u>Beginning of Year</u>
Reconciliation to Balance Sheet:			
101.1 Property Under Capital Lease per above	\$ 276,442,794	\$	242,768,017
Provision for leased assets per above	(69,727,668)		(61,524,245)
101.1 Property Under Capital Lease Page 101	\$ 206,715,126	\$	181,243,772

Schedule III – Accumulated Provision for Depreciation and Amortization of Service Company Property

1. Provide an explanation of Other Charges in Column (f) considered material in a footnote.

Line No.	Account Number (a)	Description (b)	Balance at Beginning of Year (c)	Additions Charged To Account 403-403.1 404-405 (d)	Retirements (e)	Other Changes Additions (Deductions) (f)	Balance at Close of Year (g)
1	301	Organization					
2	303	Miscellaneous Intangible Plant			245		(245)
3	306	Leasehold Improvements	5,581,132	636,426			6,217,558
4	389	Land and Land Rights				(7,609)	(7,609)
5	390	Structures and Improvements	124,482,785	2,069,512	2,715,825	4,333,985	128,170,457
6	391	Office Furniture and Equipment	25,078,717	292,178	14,355,265	10,799,174	21,814,804
7	392	Transportation Equipment	20,606,441		4,861,775	15,794,798	31,539,464
8	393	Stores equipment					
9	394	Tools, Shop and Garage Equipment	4,879,335	1,622,354	321,700	300,762	6,480,751
10	395	Laboratory Equipment	5,164,476	121,979	556,627	460,421	5,190,249
11	396	Power Operated Equipment					
12	397	Communications Equipment	11,494,602	616,235	7,022,968	3,709,533	8,797,402
13	398	Miscellaneous Equipment	1,086,496	79,915	123,529	53,839	1,096,721
14	399	Other Tangible Property					
15	399.1	Asset Retirement Costs					
16		Total	198,373,984	5,438,599	29,957,934	35,444,903	209,299,552

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
American Electric Power Service Corporation			
FOOTNOTE DATA			

Schedule Page: 104 Line No.: 16 Column: c

	Balance at Beginning of Year
101.1 Property Under Capital Lease*	\$ 61,524,245
108 Accumulated Provision for Depreciation of Service Company Property	131,554,388
111 Accumulated Provision for Amortization of Service Company Property	5,295,351
Total	\$ 198,373,984

* FERC Account 101.1 includes \$61,524,245 of provision for leased assets.

Schedule Page: 104 Line No. 16, Column: f

	Amount
Other Changes:	
Lease Additions and Transfers	35,583,155
Retirement Work In Progress	75,430
Cost of Removal for 1RP, AEP Parking Garage, and Arena Building	(317,396)
Expense related to the Aircraft Hangar Reclassification	103,714
Total	\$ 35,444,903

Schedule Page: 104 Line No. 16, Column: g

	Balance at End of Year
101.1 Property Under Capital Lease*	\$ 69,727,668
108 Accumulated Provision for Depreciation of Service Company Property	133,643,197
111 Accumulated Provision for Amortization of Service Company Property	5,928,687
Total	\$ 209,299,552

* FERC Account 101.1 includes \$69,727,668 of provision for leased assets.

Schedule IV – Investments

1. For other investments (Account 124) and other special funds (Account 128), in a footnote state each investment separately, with description including the name of issuing company, number of shares held or principal investment amount.
2. For temporary cash investments (Account 136), list each investment separately in a footnote.
3. Investments less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number <small>(a)</small>	Title of Account <small>(b)</small>	Balance at Beginning of Year <small>(c)</small>	Balance at Close of Year <small>(d)</small>
1	123	Investment In Associate Companies		
2	124	Other Investments	225,151,973	245,788,868
3	128	Other Special Funds	157,168,400	206,413,156
4	136	Temporary Cash Investments		
5		(Total of Lines 1-4)	382,320,373	452,202,024

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FOOTNOTE DATA			

Schedule Page: 105 Line No.: 5 Column: d

ACCOUNT DESCRIPTION	Balance at Beginning of Year	Balance at End of Year
Account 124 - Other Investments		
Cash Surrender Value of Deferred Compensation Plan, issued by Northwest Mutual Life and John Hancock.	\$ 19,140,396	\$ 18,704,357
Cash Surrender Value of Umbrella Trust, issued by Prudential Life and Wells Fargo	203,722,368	223,246,642
Cash Surrender Value of Central and South West Supplemental Executive Retirement Plan, issued by The Newport Group	122,061	121,146
Cash Surrender Value of Deferred Compensation Plan, for Central and South West Legacy Umbrella Trust, issued by Wells Fargo - Interest & Dividends	25,611	25,742
	2,141,537	3,690,981
Total Other Investment	\$ 225,151,973	\$ 245,788,868

ACCOUNT DESCRIPTION	Balance at Beginning of Year	Balance at End of Year
Account 128 - Other Special Funds		
PRW Net Funded Position	\$ 157,168,400	\$ 206,413,156
Total Other Special Funds	\$ 157,168,400	\$ 206,413,156
Schedule IV - Investments (105) Grand Total	\$ 382,320,373	\$ 452,202,024

Schedule V – Accounts Receivable from Associate Companies

1. List the accounts receivable from each associate company.
2. If the service company has provided accommodation or convenience payments for associate companies, provide in a separate footnote a listing of total payments for each associate company.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	146	Accounts Receivable From Associate Companies		
2		Associate Company:		
3		Total Accounts Receivable from Associated Companies	248,659,164	246,432,316
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40	Total		248,659,164	246,432,316

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FOOTNOTE DATA			

Schedule Page: 106 Line No.: 3 Column: d

**American Electric Power Service Corporation
146 Accounts Receivable from Associate Companies**

Associate Company	Balance at Beginning of Year	Balance at Close of Year
Abstract Digital	4,223,278	175,184
AEP Appalachian Transmission Company, Inc.	482,546	369,349
AEP Clean Energy Resources LLC	106,878	167,686
AEP Coal, Inc.	0	246
AEP Credit, Inc.	48,216	121,335
AEP Energy Partners, Inc.	925,334	654,184
AEP Energy Service Gas Holding Company	1,893	2,195
AEP Energy Services, Inc.	61,299	68,112
AEP Energy Supply LLC	83,141	299,456
AEP Energy, Inc	426,584	491,420
AEP Generating Company	190,746	143,872
AEP Generation Resources	1,793,521	555,855
AEP Indiana Michigan Transmission Company, Inc.	8,815,120	12,654,016
AEP Kentucky Coal, LLC	907	2,140
AEP Kentucky Transmission Company, Inc.	390,558	1,048,030
AEP Nonutility Funding LLC	3,035	1,540
AEP Ohio Transmission Company, Inc.	13,977,211	19,274,214
AEP Oklahoma Transmission Company, Inc.	3,352,719	4,400,553
AEP OnSite Partners, LLC	313,998	275,682
AEP Pro Serv, Inc.	91,527	47,459
AEP Renewables, LLC	124,727	135,551
AEP Retail Energy Partners LLC	615	59
AEP Santa Rita East	0	5
AEP Southwestern Transmission Company, Inc.	9,053	5,884
AEP System Pool	548,107	749,484
AEP T&D Services, LLC	26,954	66,181
AEP Texas Company	32,416,542	30,464,974
AEP Transmission Company, LLC	3,053	13,377
AEP Transmission Holding Company, LLC	188,327	62,773
AEP Utility Funding LLC	12,484	6,035
AEP Ventures, LLC	0	76,231
AEP West Virginia Transmission Company, Inc.	6,323,518	8,167,387
American Electric Power Company	6,413,488	4,145,975
Appalachian Power Company	43,981,830	42,753,803
Appalachian Rate Relief Fund	71,771	71,771
Apple Blossom Wind, LLC	70,381	4,365
Auwahi Wind Energy, LLC	295	2,367
Black Oak Wind, LLC	18	3,881
Blackhawk Coal Company	1,956	1,020
Bold Transmission, LLC	0	10,520
Cedar Coal Company	111	161
Conesville Coal Preparation Company	92	167
CSW Energy, Inc.	202,074	141,173
Desert Sky Wind Farm LLC	3,432	8,841
Dolet Hills Lignite Co, LLC	411,651	189,738
Electric Transmission TX, LLC	4,987,109	5,692,391
Flat Ridge 3 Wind Energy, LLC	0	216,495
Grid Assurance LLC	276,258	0

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FOOTNOTE DATA

Indiana Michigan Power Company	28,636,302	27,118,529
Kentucky Power Company	9,914,972	9,754,270
Kingsport Power Company	1,298,910	1,046,682
Kyte Works, LLC	85,425	0
NM Renewable Development, LLC	2,599	2,599
NMRD Data Center II, LLC	0	233
NMRD Data Center III, LLC	0	79,782
Ohio Franklin Realty, LLC	162,060	132,424
Ohio Power Company	33,210,753	33,932,339
Oxbow Lignite Company, LLC	7,961	6,482
Public Service Company of Oklahoma	18,063,003	15,694,154
Sempra Renewables, LLC	183,474	217,108
Snowcap Coal Company, Inc.	1,865	1,413
Solar LLCs	18,843	5,329
Southwestern Electric Power Company	23,376,657	22,028,431
Transource Energy, LLC	29,129	0
Transource Maryland	143,157	96,319
Transource Missouri, LLC	641,795	655,035
Transource Oklahoma	0	529,064
Transource Pennsylvania	102,229	243,409
Transource West Virginia, LLC	227,016	109,357
Trent Wind Farm LLC	1,612	8,675
United Sciences Testing, Inc.	282,681	123,205
Wheeling Power Company	906,364	904,340
Grand Total	248,659,164	246,432,316

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American Electric Power Service Corporation			
FOOTNOTE DATA			

**American Electric Power Service Corporation
Summary of Convenience Payments**

Associate Company	Total
AEP Appalachian Transmission Company, Inc.	3,091,695
AEP Clean Energy Resources LLC	9,363
AEP Coal, Inc.	353,403
AEP Energy Partners, Inc.	588,715
AEP Energy, Inc	257,512
AEP Generating Company	302,775
AEP Generation Resources	1,924,071
AEP Indiana Michigan Transmission Company, Inc.	153,267,299
AEP Investments, Inc.	156,331
AEP Kentucky Coal, LLC	68,605
AEP Kentucky Transmission Company, Inc.	6,875,672
AEP Ohio Transmission Company, Inc.	278,324,005
AEP Oklahoma Transmission Company, Inc.	37,847,111
AEP OnSite Partners, LLC	10,900
AEP Pro Serv, Inc.	24,661
AEP Properties, L.L.C.	402
AEP Renewables, LLC	150
AEP Southwestern Transmission Company, Inc.	975
AEP System Pool	924
AEP T&D Services, LLC	2,397,832
AEP Texas Company	41,521,952
AEP Transmission Company, LLC	1,860
AEP Transmission Holding Company, LLC	412,026
AEP Ventures, LLC	11,165
AEP West Virginia Transmission Company, Inc.	118,129,077
American Electric Power Company	45,485
Appalachian Power Company	126,427,062
Apple Blossom Wind, LLC	50,948
Auwahi Wind Energy, LLC	3,632
Black Oak Wind, LLC	94,529
BSE Solutions LLC	500
Cedar Coal Company	4,391
Conesville Coal Preparation Company	309
CSW Energy, Inc.	5
Desert Sky Wind Farm LLC	2,663
Dolet Hills Lignite Co, LLC	222,027
Electric Transmission TX, LLC	2,480,361
Flat Ridge 3 Wind Energy, LLC	3,158
Franklin Real Estate Company	350,663
Indiana Franklin Realty, Inc.	209,756
Indiana Michigan Power Company	69,762,437
Jacumba Solar LLC	613,223
Kentucky Power Company	7,258,567
Kingsport Power Company	1,798,055
Kyte Works, LLC	134
Mutual Energy SWEPCO L.P	79
Ohio Franklin Realty, LLC	433,627
Ohio Power Company	157,033,293
Oxbow Lignite Company, LLC	17
Public Service Company of Oklahoma	20,235,311
Sempra Renewables, LLC	1,781

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
FOOTNOTE DATA			

Snowcap Coal Company, Inc.	10
Southwestern Electric Power Company	24,002,652
Transource Energy, LLC	25
Transource Maryland	5,535
Transource Pennsylvania	112,888
Transource West Virginia, LLC	82,423
Trent Wind Farm LLC	22,453
United Sciences Testing, Inc.	290,429
Wheeling Power Company	1,619,992
Grand Total	1,058,746,901

Schedule VI – Fuel Stock Expenses Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to fuel stock expenses during the year and indicate amount attributable to each associate company.
2. In a separate footnote, describe in a narrative the fuel functions performed by the service company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	152	Fuel Stock Expenses Undistributed			
2		Associate Company:			
3		AEP Generation Resources	25,391	24,372	49,763
4		Appalachian Power Company	1,614,103	669,352	2,283,455
5		Indiana Michigan Power Company	1,051,873	334,091	1,385,964
6		Kentucky Power Company	465,709	188,231	653,940
7		Public Service Company of Oklahoma	448,307	144,166	592,473
8		Southwestern Electric Power Company	1,244,360	429,611	1,673,971
9		Other	(4,214)	4,491	277
10		Less :Amount billed	(4,845,529)	(1,794,314)	(6,639,843)
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39					
40	Total				0

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
FOOTNOTE DATA			

Schedule Page: 107 Line No.: 40 Column: e

The fuel functions performed by AEP Service Company include:

The coordination of fuel delivery to fossil fuel power plants which includes responding to power plant tests and monitoring the location of equipment such as barges and railcars that transport the fuel.

The provision of technical and economic analysis and investigation necessary to resolve problems.

The pricing of fuel consumed, the establishment of fuel inventory value, the recording and monitoring of accounting records for fuel purchased and fuel consumed including quantity and cost information.

The performance of laboratory analyses of coal and water samples for quality control purposes.

The production and distribution of specific Fuel filings which includes preparation of schedules, exhibits, and testimony.

Tasks performed to process invoices relating to purchase order and/or non-purchase order transactions for payment. It also includes preparation account/work order classification, verification, and release of disbursement checks.

The procurement of fuel and other combustion products, including all tasks necessary to negotiate, develop and administer fuel supply and pipeline agreements with fuel and pipeline vendors. This includes all processes involved in maintaining a business relationship with fuel vendors and pipeline companies, from establishing contact to approving pricing for payment of fuel delivered.

Tasks associated with the receipt of fuel, storage of fuel, operation and monitoring of the fuel feed system and related components up to and including the bunkers/silo.

Schedule VII – Stores Expense Undistributed

1. List the amount of labor in Column (c) and expenses in Column (d) incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3		AEP Appalachian Transmission Company, Inc.	29,555	15,782	45,337
4		AEP Credit, Inc.	(319)	32	(287)
5		AEP Energy Partners, Inc.	16,037	3,258	19,295
6		AEP Energy Services, Inc.	7,297	2,652	9,949
7		AEP Energy Supply LLC	(55)	53	(2)
8		AEP Energy, Inc	15,738	(2,407)	13,331
9		AEP Generating Company	31,380	10,894	42,274
10		AEP Generation Resources	240,116	63,949	304,065
11		AEP Indiana Michigan Transmission Company, Inc.	1,134,409	491,693	1,626,102
12		AEP Investments, Inc.	209	73	282
13		AEP Kentucky Transmission Company, Inc.	110,099	36,723	146,822
14		AEP Nonutility Funding LLC	59	40	99
15		AEP Ohio Transmission Company, Inc.	2,894,369	1,242,849	4,137,218
16		AEP Oklahoma Transmission Company, Inc.	442,537	206,998	649,535
17		AEP OnSite Partners, LLC	19,778	24,830	44,608
18		AEP Pro Serv, Inc.	(447)	40	(407)
19		AEP Renewables, LLC	15,957	27,183	43,140
20		AEP Retail Energy Partners LLC	(19)	1	(18)
21		AEP Southwestern Transmission Company, Inc.	18	11	29
22		AEP T&D Services, LLC	1,472	405	1,877
23		AEP Texas Company	3,776,894	1,876,532	5,653,426
24		AEP Transmission Company, LLC	285	86	371
25		AEP Transmission Holding Company, LLC	699	(208)	491
26		AEP Utility Funding LLC	295	90	385
27		AEP Ventures, LLC	1,649	686	2,335
28		AEP West Virginia Transmission Company, Inc.	704,134	431,037	1,135,171
29		American Electric Power Company	18,481	874	19,355
30		Appalachian Power Company	6,226,385	3,227,626	9,454,011
31		CSW Energy, Inc.	23,724	39,040	62,764
32		Dolet Hills Lignite Co, LLC	89,231	51,793	141,024
33		Electric Transmission TX, LLC	394,918	57,204	452,122
34		Grid Assurance LLC	9,013	5,077	14,090
35		Indiana Michigan Power Company	3,833,001	1,757,580	5,590,581
36		Kentucky Power Company	2,124,195	867,043	2,991,238
37		Kingsport Power Company	58,031	32,126	90,157
38		Ohio Power Company	6,014,541	2,396,373	8,410,914
39		Public Service Company of Oklahoma	3,108,051	1,192,301	4,300,352

Schedule VII – Stores Expense Undistributed (continued)

Line No.	Account Number (a)	Title of Account (b)	Labor (c)	Expenses (d)	Total (e)
1	163	Stores Expense Undistributed			
2		Associate Company:			
3		RITELine Indiana, LLC	7	2	9
4		Sempra Renewables, LLC	31,143	38,831	69,974
5		Southwestern Electric Power Company	4,516,961	1,769,781	6,286,742
6		Transource Energy, LLC	1,027	162	1,189
7		Transource Maryland	685	42	727
8		Transource Missouri, LLC	14,067	(244)	13,823
9		Transource Pennsylvania	2,524	253	2,777
10		Transource West Virginia, LLC	3,884	47	3,931
11		United Sciences Testing, Inc.	(150)	442	292
12		Wheeling Power Company	161,257	71,031	232,288
13		Less:Amount Billed	(36,073,122)	(15,940,666)	(52,013,788)
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40	Total				

Schedule VIII - Miscellaneous Current and Accrued Assets

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	174	Miscellaneous Current and Accrued Assets		
2		Item List:		
3		-- NONE TO REPORT --		
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40	Total			

Schedule IX - Miscellaneous Deferred Debits

1. Provide detail of items in this account. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	186	Miscellaneous Deferred Debits		
2		Items List:		
3		Deferred Property Taxes	83,991	87,900
4		Deferred Intercompany Expenses	25,721	14,577
5		Deferred Lease Assets - NonTaxable	624,851	201,973
6		IPP Admin Support Cost	(83,406)	25,794
7		Reimbursable RTO Study Expense	27,903	85,830
8		AEPSC Fabrication Non Billable	49,213	100,950
9		Items less than \$50,000 (2 tems)	25,877	(25,987)
10				
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40	Total		754,150	491,037

Schedule X - Research, Development, or Demonstration Expenditures

1. Describe each material research, development, or demonstration project that incurred costs by the service corporation during the year. Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Amount (c)
1	188	Research, Development, or Demonstration Expenditures	
2		Project List:	
3		Transmission Electric Power Research Institute (EPRI) Annual Portfolio	1,882,949
4		Electric Power Research Institute EPRI Annual Portfolio	1,868,529
5		Electric Power Research Institute (EPRI) Environmental Science	1,641,067
6		Low Carbon Resource Initiative	1,028,768
7		Distribution - Electric Power Research Institute (EPRI) Annual Portfolio	873,455
8		Electric Power Research Institute (EPRI) Nuclear Annual Research	723,080
9		Information Technology - Electric Power Research Institute (EPRI) Annual Portfolio	433,564
10		Corporate Technology Program Management	402,635
11		Environmental Controls projects from the EPRI Annual Research Portfolio	280,199
12		Electric Transportation	206,925
13		Electromagnetic Pulse Hardening	171,303
14		Generation Asset Management - Program Management	154,184
15		National Electric Energy Testing, Research & Applications Center (NEETRAC) Membership	139,559
16		Transmission Research & Development Program Management	134,371
17		Strategic Technology Research	90,000
18		Distribution Research & Development Program Management	66,861
19		Power Systems Engineering Research Center	55,780
20		CEA(Canadian Electric Association) TLAMIG	53,200
21		43 items under \$50,000	408,722
22		Less Amount Billed	(10,615,151)
23			
24			
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40	Total		

Schedule XI - Proprietary Capital

1. For miscellaneous paid-in capital (Account 211) and appropriate retained earnings (Account 215), classify amounts in each account, with a brief explanation, disclosing the general nature of transactions which give rise to the reported amounts.

2. For the unappropriated retained earnings (Account 216), in a footnote, give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owed or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentages, amount of dividend, date declared and date paid.

Line No.	Account Number (a)	Title of Account (b)	Description (c)	Amount (d)
1	201	Common Stock Issued	Number of Shares Authorized	20,000
2			Par or Stated Value per Share	100.00
3			Outstanding Number of Shares	13,500
4			Close of Period Amount	1,350,000
5		Preferred Stock Issued	Number of Shares Authorized	
6			Par or Stated Value per Share	
7			Outstanding Number of Shares	
8			Close of Period Amount	
9	211	Miscellaneous Paid-In Capital		7,052,116
10	215	Appropriated Retained Earnings		
11	219	Accumulated Other Comprehensive Income		
12	216	Unappropriated Retained Earnings	Balance at Beginning of Year	
13			Net Income or (Loss)	
14			Dividend Paid	
15			Balance at Close of Year	

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FOOTNOTE DATA			

Schedule Page: 201 Line No.: 9 Column: d

The Miscellaneous Paid-In Capital for \$7,052,116 is made up of three capital contributions.

The first capital contribution of \$99,500 represents the net investment of Central and South West Services, LP with AEPSC when the two service corporations combined as a result of the merger of Central and South West Corporation and American Electric Power in June of 2000.

The second capital contribution of \$8,123,156 was due to an American Electric Power Company Inc. board resolution in April 2009 which transferred a parking garage to AEPSC. The resolution approved the contribution of the Marconi Street Unassigned Parking Garage to AEPSC as a capital contribution in the amount of the net book value of the property. The contribution of the unassigned garage to AEPSC was proposed to align its ownership with its primary user i.e. AEPSC.

In association with the AEP Texas Inc. merger and pursuant to a December 2016 American Electric Power Company Inc. board resolution, the liabilities associated with the Central and South West's Corporate Directors Compensation Plan and its Deferred Compensation Plan were transferred to AEPSC. This transaction was treated as a distribution of paid-in capital because AEPSC assumed the liabilities with these plans.

Schedule XII – Long Term Debt

1. For the advances from associate companies (Account 223), describe in a footnote the advances on notes and advances on open accounts. Names of associate companies from which advances were received shall be shown under the class and series of obligation in Column (c).
2. For the deductions in Column (h), please give an explanation in a footnote.
3. For other long-term debt (Account 224), list the name of the creditor company or organization in Column (b).

Line No.	Account Number	Title of Account	Term of Obligation Class & Series of Obligation (c)	Date of Maturity (d)	Interest Rate (e)	Amount Authorized (f)	Balance at Beginning of Year (g)	Additions Deductions (h)	Balance at Close of Year (i)
1	223	Advances from Associate Companies							
2		Associate Company:							
3		-- NONE TO REPORT --							
4									
5									
6									
7									
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12									
13		TOTAL							
14	224	Other Long-Term Debt							
15		List Creditor:							
16		-- NONE TO REPORT --							
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28		TOTAL							

Schedule XIII – Current and Accrued Liabilities

1. Provide the balance of notes and accounts payable to each associate company (Accounts 233 and 234).
2. Give description and amount of miscellaneous current and accrued liabilities (Account 242). Items less than \$50,000 may be grouped, showing the number of items in each group.

Line No.	Account Number (a)	Title of Account (b)	Balance at Beginning of Year (c)	Balance at Close of Year (d)
1	233	Notes Payable to Associates Companies	348,923,979	428,996,307
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24	234	Accounts Payable to Associate Companies	53,428,295	38,154,429
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33				
34				
35				
36				
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41	242	Miscellaneous Current and Accrued Liabilities	308,186,420	296,810,732
42				
43				
44				
45				
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47				
48				
49				
50		(Total)	710,538,694	763,961,468

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American Electric Power Service Corporation			
FOOTNOTE DATA			

Schedule Page: 203 Line No.: 1 Column: d

AEP has a direct financing relationship with AEPSC to meet its short term borrowing needs.

Schedule Page: 203 Line No.: 24 Column: d

Account 234	BALANCE AT	BALANCE AT
Accounts Payable to Associate Companies	BEGINNING OF YEAR	CLOSE OF YEAR
AEP Energy Partners, Inc.	28,728	1,486
AEP Energy Supply LLC	53	0
AEP Energy, Inc	38	441
AEP Generating Company	722,010	8,346
AEP Generation Resources	6,573	3,702
AEP Indiana Michigan Transmission Company, Inc.	386	1
AEP Investments, Inc.	349,158	335,824
AEP Ohio Transmission Company, Inc.	44,756	88,103
AEP Oklahoma Transmission Company, Inc.	3,381	0
AEP OnSite Partners, LLC	33,614	132,052
AEP Renewables, LLC	134,939	143,566
AEP T&D Services, LLC	0	9,589
AEP Texas Company	1,091,769	936,754
AEP Transmission Company, LLC	2,808	898
AEP Transmission Holding Company, LLC	0	29
AEP West Virginia Transmission Company, Inc.	17,294	0
American Electric Power Company	5,770,587	11,732,152
Appalachian Power Company	7,242,721	5,043,063
Appalachian Rate Relief Fund	5,063	5,063
Apple Blossom Wind, LLC	2,795	2,087
Black Oak Wind, LLC	127,473	127,473
Desert Sky Wind Farm LLC	0	58
Dolet Hills Lignite Co, LLC	2	0
Grid Assurance LLC	0	83,246
Indiana Michigan Power Company	3,011,111	5,162,113
Jacumba Solar LLC	137,574	171,596
Kentucky Power Company	1,734,057	976,451
Kingsport Power Company	831,641	106,464
NM Renewable Development, LLC	96,627	96,627
NMRD Data Center II, LLC	2,074	81,851
NMRD Data Center, LLC	0	92,945
Ohio Franklin Realty, LLC	6,933	15,994
Ohio Power Company	16,022,253	7,736,329
Oxbow Lignite Company, LLC	100,957	0

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American Electric Power Service Corporation			
FOOTNOTE DATA			

Public Liability	0	19,392
Public Service Company of Oklahoma	5,463,753	2,985,976
Solar LLCs	49,257	18,617
Southwestern Electric Power Company	8,759,003	1,469,030
Transource Energy, LLC	353,438	315,926
United Sciences Testing, Inc.	437	38,707
Wheeling Power Company	1,275,032	212,478

Grand Total	\$ 53,428,295	\$ 38,154,429
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Schedule Page: 203 Line No.: 41 Column: d

Account 242 Miscellaneous Current and Accrued Liabilities	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
Accrued Audit Fees	\$ 112,000	\$ -
Accrued Payroll	29,269,390	9,488,932
Banking Fees	220,000	206,000
Control Cash Disburse Account	8,436,487	8,135,436
Deferred Compensation Benefits	207,804	143,638
Employee Benefits	21,927,751	28,482,239
Incentive Pay	156,239,688	143,478,949
Lease Expense	164,060	0
Sales/Use Tax	698,106	1,329,870
Severance Pay	3,745,956	8,464,771
Software Contract Liabilities	24,287,275	31,903,866
Unclaimed Funds	37,138	345,676
Vacation Pay	61,602,777	63,866,388
Worker's Compensation	1,237,988	964,967
TOTALS	\$ 308,186,420	\$ 296,810,732

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
Schedule XIV- Notes to Financial Statements			

1. Use the space below for important notes regarding the financial statements or any account thereof.
2. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year.
3. Furnish particulars as to any significant increase in services rendered or expenses incurred during the year.
4. Furnish particulars as to any amounts recorded in Account 434, Extraordinary Income, or Account 435, Extraordinary Deductions.
5. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.
6. Describe the annual statement supplied to each associate service company in support of the amount of interest on borrowed capital and compensation for use of capital billed during the calendar year. State the basis for billing of interest to each associate company. If a ratio, describe in detail how ratio is computed. If more than one ratio explain the calculation. Report the amount of interest borrowed and/or compensation for use of capital billed to each associate company.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

AEPSC is a wholly-owned subsidiary of AEP. AEPSC provides certain managerial and professional services, including administrative and engineering services, to affiliated companies in the AEP System and periodically to nonaffiliated companies. AEPSC also acts as an agent on behalf of affiliated companies in the AEP System for certain contractual arrangements, such as purchases and sales of risk management assets and liabilities. The activity associated with the agency relationship is excluded from AEPSC's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Rates and Service Regulation

AEPSC's intercompany service billings, which are AEPSC's fully allocated cost, including taxes, are regulated by the FERC under the 2005 Public Utility Holding Company Act and the Federal Power Act. The FERC also has jurisdiction over the issuances and acquisitions of securities of public utility subsidiaries, the acquisition or sale of certain utility assets and mergers with another electric utility or holding company. In addition, both the FERC and state regulatory commissions are permitted to review and audit the relevant books and records of companies within a public utility holding company system.

Accounting for the Effects of Cost-Based Regulation

As a cost-based regulated entity, AEPSC's financial statements reflect the actions of regulators that result in the recognition of certain revenues and expenses in different time periods than enterprises that are not rate-regulated. In accordance with accounting guidance for "Regulated Operations," AEPSC records regulatory assets (deferred expenses) and regulatory liabilities (deferred revenue reductions or refunds) in accordance with regulatory actions to match expenses and revenues in cost-based rates. Regulatory assets are expected to be recovered in future periods through billings to affiliated companies and regulatory liabilities are expected to reduce future billings to affiliated companies. In the event that a portion of AEPSC's business no longer met those requirements, all amounts would be recoverable from affiliated companies. In the event AEPSC would require financing or other support outside the cost reimbursement billings, this financing would be provided by AEP. Costs charged to capitalized projects of AEPSC customers are included in the financial statements of AEPSC.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
Schedule XIV- Notes to Financial Statements			

Use of Estimates

The preparation of these financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates include, but are not limited to, the effects of regulation, the effects of contingencies and certain assumptions made in accounting for pension and postretirement benefits. The estimates and assumptions used are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could ultimately differ from those estimates.

Cash and Cash Equivalents

Cash and Cash Equivalents include temporary cash investments with original maturities of three months or less.

Accounts Receivable

Accounts Receivable primarily includes receivables from affiliated companies for professional services rendered. AEPSC bills affiliated companies for services rendered on a monthly basis based on a work order system that is in accordance with the 2005 Public Utility Holding Company Act. The affiliated companies generally remit these payments within 30 days.

Property and Equipment

Property is stated at original cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the property. The annual composite depreciation rate was 2.0% and 1.8% for the years ended December 31, 2020 and 2019, respectively.

Long-lived assets are required to be tested for impairment when it is determined that the carrying value of the assets may no longer be recoverable or when the assets meet the held-for-sale criteria under the accounting guidance for "Impairment or Disposal of Long-Lived Assets."

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, as opposed to a forced or liquidation sale. Quoted market prices in active markets are the best evidence of fair value and are used as the basis for the measurement, if available. In the absence of quoted prices for identical or similar assets in active markets, fair value is estimated using various internal and external valuation methods including cash flow analysis and appraisals.

Deferred Compensation

Investments include the cash surrender value of trust-owned life insurance policies held under a grantor trust to provide funds for nonqualified deferred compensation plans that AEPSC sponsors.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
Schedule XIV- Notes to Financial Statements			

Valuation of Nonderivative Financial Instruments

The book values of Cash and Cash Equivalents, Advances from Affiliates, Accounts Receivable and Accounts Payable approximate fair value because of the short-term maturity of these instruments.

Fair Value Measurements of Assets and Liabilities

The accounting guidance for “Fair Value Measurements and Disclosures” establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. When quoted market prices are not available, pricing may be completed using comparable securities, dealer values, operating data and general market conditions to determine fair value. Valuation models utilize various inputs such as commodity, interest rate and, to a lesser degree, volatility and credit that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, market corroborated inputs (i.e. inputs derived principally from, or correlated to, observable market data) and other observable inputs for the asset or liability.

AEP utilizes its trustee’s external pricing service to estimate the fair value of the underlying investments held in the benefit plan trusts. AEP’s investment managers review and validate the prices utilized by the trustee to determine fair value. AEP’s management performs its own valuation testing to verify the fair values of the securities. AEP receives audit reports of the trustee’s operating controls and valuation processes.

Assets in the benefits trusts are classified using the following methods. Equities are classified as Level 1 holdings if they are actively traded on exchanges. Items classified as Level 1 are investments in money market funds, fixed income and equity mutual funds and equity securities. They are valued based on observable inputs primarily unadjusted quoted prices in active markets for identical assets. Items classified as Level 2 are primarily investments in individual fixed income securities. Fixed income securities generally do not trade on exchanges and do not have an official closing price but their valuation inputs are based on observable market data. Pricing vendors calculate bond valuations using financial models and matrices. The models use observable inputs including yields on benchmark securities, quotes by securities brokers, rating agency actions, discounts or premiums on securities compared to par prices, changes in yields for U.S. Treasury securities, corporate actions by bond issuers, prepayment schedules and histories, economic events and, for certain securities, adjustments to yields to reflect changes in the rate of inflation. Other securities with model-derived valuation inputs that are observable are also classified as Level 2 investments. Investments with unobservable valuation inputs are classified as Level 3 investments. Investments classified as Other are valued using Net Asset Value as a practical expedient. Items classified as Other are primarily cash equivalent funds, common collective trusts, commingled funds, structured products, private equity, real estate, infrastructure and alternative credit investments. These investments do not have a readily determinable fair value or they contain redemption restrictions which may include the right to suspend redemptions under certain circumstances. Redemption restrictions may also prevent certain investments from being redeemed at the reporting date for the underlying value.

Revenues and Expenses

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AEPSC provides certain managerial and professional services to both affiliated and nonaffiliated companies. The costs of the services are billed on a direct-charge basis, whenever possible. Costs incurred to perform services that benefit more than one company are allocated to the benefiting companies using one of 80 FERC accepted allocation factors. The allocation factors used to bill for services performed by AEPSC are based upon formulae that consider factors such as number of customers, number of employees, number of transmission pole miles, number of invoices and other factors. The data upon which these formulae are based are updated monthly, quarterly, semi-annually or annually, depending on the particular factor and its volatility. The billings for services are made at cost and include no compensation for a return on investment.

Income Taxes and Investment Tax Credits

AEPSC uses the liability method of accounting for income taxes. Under the liability method, deferred income taxes are provided for all temporary differences between the book and tax basis of assets and liabilities which will result in a future tax consequence. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

When the flow-through method of accounting for temporary differences is reflected in regulated revenues (that is, when deferred taxes are not included in the cost-of-service for determining regulated rates), deferred income taxes are recorded and related regulatory assets and liabilities are established to match the regulated revenues and tax expense.

AEPSC applies the deferral methodology for the recognition of ITC. Deferred ITC is amortized to income tax expense over the life of the asset. Amortization of deferred ITC begins when the asset is placed into service, except where regulatory commissions reflect ITC in the rate-making process, then amortization begins when the cash tax benefit is recognized.

AEPSC accounts for uncertain tax positions in accordance with the accounting guidance for "Income Taxes." AEPSC classifies interest expense or income related to uncertain tax positions as interest expense or income as appropriate and classifies penalties as Other Operation expense.

Pension and OPEB Plans

AEPSC participates in an AEP sponsored qualified pension plan and two unfunded non-qualified pension plans. Substantially all of AEPSC's employees are covered by the qualified plan or both the qualified and non-qualified pension plans. AEPSC also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees. AEPSC accounts for its participation in the AEP sponsored pension and OPEB plans using multiple-employer accounting. See Note 4 - Benefit Plans for additional information including significant accounting policies associated with the plans.

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Investments Held in Trust for Future Liabilities

AEP has several trust funds with significant investments intended to provide for future payments of pension and OPEB benefits. All of the trust funds' investments are diversified and managed in compliance with all laws and regulations. The investment strategy for the trust funds is to use a diversified portfolio of investments to achieve an acceptable rate of return while managing the investment risk of the assets relative to the associated liabilities. To minimize investment risk, the trust funds are broadly diversified among classes of assets, investment strategies and investment managers. Management regularly reviews the actual asset allocations and periodically rebalances the investments to targeted allocations when appropriate. Investment policies and guidelines allow investment managers in approved strategies to use financial derivatives to obtain or manage market exposures and to hedge assets and liabilities. The investments are reported at fair value under the "Fair Value Measurements and Disclosures" accounting guidance.

Benefit Plans

All benefit plan assets are invested in accordance with each plan's investment policy. The investment policy outlines the investment objectives, strategies and target asset allocations by plan.

The investment philosophies for AEP's benefit plans support the allocation of assets to minimize risks and optimize net returns. Strategies used include:

- 1 Maintaining a long-term investment horizon.
- 2 Diversifying assets to help control volatility of returns at acceptable levels.
- 3 Managing fees, transaction costs and tax liabilities to maximize investment earnings.
- 4 Using active management of investments where appropriate risk/return opportunities exist.
- 5 Keeping portfolio structure style-neutral to limit volatility compared to applicable benchmarks.
- 6 Using alternative asset classes such as real estate and private equity to maximize return and provide additional portfolio diversification.

The objective of the investment policy for the pension fund is to maintain the funded status of the plan while providing for growth in the plan assets to offset the growth in the plan liabilities. The current target asset allocations are as follows:

Pension Plan Assets	Target
Equity	25 %
Fixed Income	59 %
Other Investments	15 %
Cash and Cash Equivalents	1 %

OPEB Plans Assets	Target
Equity	49 %
Fixed Income	49 %

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Cash and Cash Equivalents 2 %

The investment policy for each benefit plan contains various investment limitations. The investment policies establish concentration limits for securities and prohibit the purchase of securities issued by AEP (with the exception of proportionate and immaterial holdings of AEP securities in passive index strategies or certain commingled funds). However, the investment policies do not preclude the benefit trust funds from receiving contributions in the form of AEP securities, provided that the AEP securities acquired by each plan may not exceed the limitations imposed by law.

For equity investments, the concentration limits are as follows:

- 1 No security in excess of 5% of all equities.
- 2 Cash equivalents must be less than 10% of an investment manager's equity portfolio.
- 3 No individual stock may be more than 10% and 7% for pension and OPEB investments, respectively, of each manager's equity portfolio.
- 4 No securities may be bought or sold on margin or other use of leverage.

For fixed income investments, each investment manager's portfolio is compared to investment grade, diversified long and intermediate benchmark indices.

A portion of the pension assets is invested in real estate funds to provide diversification, add return and hedge against inflation. Real estate properties are illiquid, difficult to value and not actively traded. The pension plan uses external real estate investment managers to invest in commingled funds that hold real estate properties. To mitigate investment risk in the real estate portfolio, commingled real estate funds are used to ensure that holdings are diversified by region, property type and risk classification. Real estate holdings include core, value-added and opportunistic classifications.

A portion of the pension assets is invested in private equity. Private equity investments add return and provide diversification and typically require a long-term time horizon to evaluate investment performance. Private equity is classified as an alternative investment because it is illiquid, difficult to value and not actively traded. The pension plan uses limited partnerships to invest across the private equity investment spectrum. The private equity holdings are with multiple general partners who help monitor the investments and provide investment selection expertise. The holdings are currently comprised of venture capital, buyout and hybrid debt and equity investments.

AEP participates in a securities lending program with BNY Mellon to provide incremental income on idle assets and to provide income to offset custody fees and other administrative expenses. AEP lends securities to borrowers approved by BNY Mellon in exchange for collateral. All loans are collateralized by at least 102% of the loaned asset's market value and the collateral is invested. The difference between the rebate owed to the borrower and the collateral rate of return determines the earnings on the loaned security. The securities lending program's objective is to provide modest incremental income with a limited increase in risk. As of December 31, 2020 and 2019, the fair value of securities on loan as part of the program was \$177.1 million and \$246.3 million, respectively. Cash and securities obtained as collateral exceeded the fair value of the securities loaned as of December 31, 2020 and 2019.

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Trust owned life insurance (TOLI) underwritten by The Prudential Insurance Company is held in the OPEB plan trusts. The strategy for holding life insurance contracts in the taxable Voluntary Employees' Beneficiary Association trust is to minimize taxes paid on the asset growth in the trust. Earnings on plan assets are tax-deferred within the TOLI contract and can be tax-free if held until claims are paid. Life insurance proceeds remain in the trust and are used to fund future retiree medical benefit liabilities. With consideration to other investments held in the trust, the cash value of the TOLI contracts is invested in two diversified funds. A portion is invested in a commingled fund with underlying investments in stocks that are actively traded on major international equity exchanges. The other portion of the TOLI cash value is invested in a diversified, commingled fixed income fund with underlying investments in government bonds, corporate bonds and asset-backed securities.

Cash and cash equivalents are held in each trust to provide liquidity and meet short-term cash needs. Cash equivalent funds are used to provide diversification and preserve principal. The underlying holdings in the cash funds are investment grade money market instruments including commercial paper, certificates of deposit, treasury bills and other types of investment grade short-term debt securities. The cash funds are valued each business day and provide daily liquidity.

Stock-Based Compensation Plans

As of December 31, 2020, AEPSC had performance shares and restricted stock units outstanding under the American Electric Power System 2015 Long-Term Incentive Plan (2015 LTIP). Upon vesting, performance units awarded prior to 2017 were settled in cash and restricted stock units were settled in AEP common shares, except for restricted stock units granted after January 1, 2013 and prior to January 1, 2017 that vest to executive officers, which settled in cash. All performance shares and restricted stock units awarded after January 1, 2017 will be settled in AEP common shares.

AEPSC maintains a variety of tax qualified and non-qualified deferred compensation plans for employees that include, among other options, an investment in or an investment return equivalent to that of AEP common stock. This includes AEP career shares maintained under the American Electric Power System Stock Ownership Requirement Plan (SORP), which facilitates executives in meeting minimum stock ownership requirements assigned to them by the Human Resources Committee of AEP's Board of Directors. AEP career shares are derived from vested performance shares granted to employees under the 2015 LTIP. AEP career shares accrue additional dividend shares in an amount equal to dividends paid on AEP common shares at the closing market price on the dividend payments date. All AEP career shares are paid out in AEP common stock after the executive's service with AEP ends.

Performance shares awarded after January 1, 2017 are classified as temporary equity in the Mezzanine Equity section on the Parent's balance sheets. These awards may be settled in cash upon an employee's qualifying termination due to a change in control. Because such event is not solely within the control of the company, these awards are classed outside of permanent equity.

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AEPSC measures and recognizes compensation expense for all share-based payment awards to employees based on estimated fair values. For share-based payment awards with service only vesting conditions, AEPSC recognizes compensation expense on a straight-line basis. Stock-based compensation expense recognized on AEPSC's statements of operations for the years ended December 31, 2020 and 2019 is based on the number of outstanding awards at the end of each period without a reduction for estimated forfeitures. AEPSC accounts for forfeitures in the period in which they occur.

For the years ended December 31, 2020 and 2019, compensation cost is included in Net Income for the performance shares, career shares and restricted stock units. Compensation cost may also be capitalized. See Note 8 - Stock-Based Compensation for additional information.

Contract Software Liabilities

On May 31, 2017, AEPSC entered into a 10-year strategic agreement with Oracle. The agreement provides perpetual unlimited deployment rights to Oracle's catalog of on premise licenses, as long as support payments continue to be made in accordance with the contract terms. In total, \$255 million (excluding sales tax) will be paid over the 10-year term for licenses and technical support. A capitalized software asset of \$110 million, including sales tax, was recorded in June 2017 for the value of the licenses, and will depreciate over the 10-year term.

Subsequent Events

Management reviewed subsequent events through March 26, 2021, the date that AEPSC's 2020 Annual Report was available to be issued.

2. EFFECTS OF REGULATION

Recognized regulatory assets and liabilities are comprised of the following items:

	December 31, 2020	2019	Remaining Recovery Period
	(in thousands)		
Noncurrent Regulatory Assets			
Regulatory assets approved for recovery:			
<u>Regulatory Assets Currently Not Earning a Return</u>			
Amounts Due from Affiliates for Pension and			
OPEB Funded Status	\$ 464,672	\$ 494,408	12 years
Total Noncurrent Regulatory Assets	\$ 464,672	\$ 494,408	

December 31, Remaining

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	2020	2019	Refund Period
(in thousands)			
Noncurrent Regulatory Liabilities and Deferred Investment Tax Credits			
Regulatory liabilities approved for payment:			
<u>Income Tax Related Regulatory Liabilities (a)</u>			
Excess ADIT that is Not Subject to Rate Normalization Requirements	\$ 10,385	\$ 11,732	10 years
Excess ADIT Associated with Certain Depreciable Property	6,533	6,503	(b)
Deferred Amounts Due to Affiliates for Income Tax Benefits	(3,328)	(4,978)	14 years
Total Noncurrent Regulatory Liabilities and Deferred Investment Tax Credits	\$ 13,590	\$ 13,257	

- (a) This balance primarily represents regulatory liabilities for excess accumulated deferred income taxes (Excess ADIT) as a result of the reduction in the corporate federal income tax rate from 35% to 21% related to the enactment of Tax Reform. The Excess ADIT will be returned to affiliates using the average rate assumption method or over the remaining life of the underlying temporary differences.
- (b) Refunded using Average Rate Assumption Method.

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3. COMMITMENTS, GUARANTEES AND CONTINGENCIES

AEPSC is subject to certain claims and legal actions arising in its ordinary course of business. The ultimate outcome of such pending or potential litigation cannot be predicted. For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements.

COMMITMENTS

AEPSC has commitments to support its operations. In the normal course of business, AEPSC contractually commits to third-party vendors for certain material purchases and other services. AEPSC also purchases materials, supplies, services and property, plant and equipment under contract as part of its normal course of business. Certain supply contracts contain penalty provisions for early termination. In accordance with the accounting guidance for "Commitments", AEPSC had the following contractual commitments as of December 31, 2020 relating to contract software liabilities. See "Contract Software Liabilities" section of Note 1 for additional information.

Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years	Total
(in thousands)				
\$ 47,382	\$ 44,044	\$ 35,863	\$ 17,931	\$ 145,220

GUARANTEES

Liabilities for guarantees are recorded in accordance with the accounting guidance for "Guarantees." There is no collateral held in relation to any guarantees. In the event any guarantee is drawn, there is no recourse to third parties unless specified below.

Letters of Credit

AEPSC enters into standby letters of credit with third parties. These letters of credit were issued in the ordinary course of business and cover items such as construction contracts, insurance programs, security deposits and debt service reserves. As of December 31, 2020, the maximum future payments of the letters of credit were \$72.5 million with maturities ranging from February 2021 to October 2021.

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Indemnifications and Other Guarantees

Contracts

AEPSC enters into certain types of contracts which require indemnifications. Typically, these contracts include, but are not limited to, sale agreements, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. With respect to sale agreements, exposure generally does not exceed the sale price. As of December 31, 2020, there were no material liabilities recorded for any indemnifications.

Lease Agreements

AEPSC leases certain equipment under master lease agreements. See “Master Lease Agreements” section of Note 6 for additional information.

CONTINGENCIES

Insurance and Potential Losses

AEPSC maintains insurance coverage normal and customary for electric utilities, subject to various deductibles. AEPSC also maintains property and casualty insurance that may cover certain physical damage or third-party injuries caused by cyber security incidents. Insurance includes coverage for all risks of physical loss or damage to AEPSC assets, subject to insurance policy conditions and exclusions. Covered property generally includes AEPSC facilities. The insurance programs also generally provide coverage against loss arising from certain claims made by third parties. Coverage is generally provided by a combination of the protected cell of Energy Insurance Services and/or various industry mutual and/or commercial insurance carriers.

Some potential losses or liabilities may not be insurable or the amount of insurance carried may not be sufficient to meet potential losses and liabilities. Future losses or liabilities, if they occur, which are not completely insured, would be recovered from affiliated companies.

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4. BENEFIT PLANS

For a discussion of investment strategy, investment limitations, target asset allocations and the classification of investments within the fair value hierarchy, see “Fair Value Measurements of Assets and Liabilities” and “Investments Held in Trust for Future Liabilities” sections of Note 1.

AEPSC participates in an AEP sponsored qualified pension plan and two unfunded non-qualified pension plans. Substantially all of AEPSC’s employees are covered by the qualified plan or both the qualified and non-qualified pension plans. AEPSC also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees.

AEPSC recognizes the funded status associated with defined benefit pension and OPEB plans on its balance sheets. Disclosures about the plans are required by the “Compensation - Retirement Benefits” accounting guidance. AEPSC recognizes an asset for a plan’s overfunded status or a liability for a plan’s underfunded status. AEPSC records a regulatory asset instead of other comprehensive income for qualifying benefit costs of regulated operations that will be billed to affiliated companies.

Actuarial Assumptions for Benefit Obligations

The weighted-average assumptions used in the measurement of benefit obligations are shown in the following table:

Assumptions	Pension Plans		OPEB	
	December 31,			
	2020	2019	2020	2019
Discount Rate	2.50 %	3.25 %	2.55 %	3.30 %
Interest Crediting Rate	4.00 %	4.00 %	NA	NA
Rate of Compensation Increase	5.05 % (a)	5.00 % (a)	NA	NA

(a) Rates are for base pay only. In addition, an amount is added to reflect target incentive compensation for exempt employees and overtime and incentive pay for nonexempt employees.

NA Not applicable.

A duration-based method is used to determine the discount rate for the plans. A hypothetical portfolio of high quality corporate bonds is constructed with cash flows matching the benefit plan liability. The composite yield on the hypothetical bond portfolio is used as the discount rate for the plan.

For 2020, the rate of compensation increase assumed varies with the age of the employee, ranging from 3% per year to 11.5% per year, with the average increase shown in the table above.

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Actuarial Assumptions for Net Periodic Benefit Costs

The weighted-average assumptions used in the measurement of benefit costs are shown in the following table:

Assumptions	Pension Plans		OPEB	
	Years Ended December 31,			
	2020	2019	2020	2019
Discount Rate	3.25 %	4.30 %	3.30 %	4.30 %
Interest Crediting Rate	4.00 %	4.00 %	NA	NA
Expected Return on Plan Assets	5.75 %	6.25 %	5.50 %	6.25 %
Rate of Compensation Increase	5.05 % (a)	4.95 % (a)	NA	NA

(a) Rates are for base pay only. In addition, an amount is added to reflect target incentive compensation for exempt employees and overtime and incentive pay for nonexempt employees.

NA Not applicable.

The expected return on plan assets was determined by evaluating historical returns, the current investment climate (yield on fixed income securities and other recent investment market indicators), rate of inflation, third party forecasts and current prospects for economic growth.

The health care trend rate assumptions used for OPEB plans measurement purposes are shown below:

Health Care Trend Rates	December 31,	
	2020	2019
Initial	6.50 %	6.00 %
Ultimate	4.50 %	4.50 %
Year Ultimate Reached	2029	2026

Significant Concentrations of Risk within Plan Assets

In addition to establishing the target asset allocation of plan assets, the investment policy also places restrictions on securities to limit significant concentrations within plan assets. The investment policy establishes guidelines that govern maximum market exposure, security restrictions, prohibited asset classes, prohibited types of transactions, minimum credit quality, average portfolio credit quality, portfolio duration and concentration limits. The guidelines were established to mitigate the risk of loss due to significant concentrations in any investment. Management monitors the plans to control security diversification and ensure compliance with the investment policy. As of December 31, 2020, the assets were invested in compliance with all investment limits. See "Investments Held in Trust for Future Liabilities" section of Note 1 for limit details.

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Benefit Plan Obligations, Plan Assets and Funded Status

For the year ended December 31, 2020, the pension plans had an actuarial loss primarily due to a decrease in the discount rate, partially offset by a decrease in the assumed rate used to convert account balances to annuities. For the year ended December 31, 2020, the OPEB plans had an actuarial loss primarily due to a decrease in the discount rate and an update to the health care trend assumption, partially offset by updated projected per capita claims costs due to rate negotiations for Medicare advantage premium rates. For the year ended December 31, 2019, the pension plans had an actuarial loss due to a decrease in the discount rate, partially offset by updates to the mortality table. For the year ended December 31, 2019, the OPEB plans had an actuarial loss due to a decrease in the discount rate and an update to the persistency assumption, partially offset by an update to the projected per capita cost assumption as well as savings resulting from legislation signed in December 2019 which eliminated two Affordable Care Act taxes. The following table provides a reconciliation of the changes in the plans' benefit obligations, fair value of plan assets and funded status. The benefit obligation for the defined benefit pension and OPEB plans are the projected benefit obligation and the accumulated benefit obligation, respectively.

	Pension Plans		OPEB	
	2020	2019	2020	2019
Change in Benefit Obligation	(in thousands)			
Benefit Obligation as of January 1,	\$1,893,082	\$1,682,070	\$ 305,661	\$ 277,516
Service Cost	42,708	35,747	3,192	2,923
Interest Cost	62,154	73,623	9,824	11,872
Actuarial Loss	212,500	237,471	6,058	32,383
Plan Amendments	—	211	(2,924)	(2,704)
Benefit Payments	(153,662)	(136,040)	(29,815)	(24,801)
Participant Contributions	—	—	9,285	8,389
Medicare Subsidy	—	—	79	83
Benefit Obligation as of December 31,	\$2,056,782	\$1,893,082	\$ 301,360	\$ 305,661
Change in Fair Value of Plan Assets				
Fair Value of Plan Assets as of January 1,	\$1,533,916	\$1,449,575	\$ 462,829	\$ 375,820
Actual Gain on Plan Assets	268,634	215,750	64,925	102,669
Company Contributions	75,709	4,631	549	752
Participant Contributions	—	—	9,285	8,389
Benefit Payments	(153,662)	(136,040)	(29,815)	(24,801)
Fair Value of Plan Assets as of December 31,	\$1,724,597	\$1,533,916	\$ 507,773	\$ 462,829
Funded (Underfunded) Status as of December 31,	\$ (332,185)	\$ (359,166)	\$ 206,413	\$ 157,168

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Amounts Recognized on the Balance Sheets

	Pension Plans		OPEB	
	December 31,			
	2020	2019	2020	2019
(in thousands)				
Employee Benefits and Pension Assets – Prepaid Benefit Costs	\$ —	\$ —	\$ 206,413	\$ 157,168
Other Current Liabilities – Accrued Short-term Benefit Liability	(5,715)	(5,249)	—	—
Employee Pension Obligations – Accrued Long-term Benefit Liability	(326,470)	(353,917)	—	—
Funded (Underfunded) Status	\$ (332,185)	\$ (359,166)	\$ 206,413	\$ 157,168

Amounts Included in Regulatory Assets

The following table shows the components of the plans included in Regulatory Assets:

	Pension Plans		OPEB	
	December 31,			
	2020	2019	2020	2019
(in thousands)				
Components				
Net Actuarial Loss	\$ 506,578	\$ 516,276	\$ 19,390	\$ 55,515
Prior Service Cost (Credit)	193	211	(61,489)	(77,594)
Recorded as				
Regulatory Assets	\$ 506,771	\$ 516,487	\$ (42,099)	\$ (22,079)

Components of the change in amounts included in Regulatory Assets were as follows:

	Pension Plans		OPEB	
	2020	2019	2020	2019
(in thousands)				
Components				
Actuarial (Gain) Loss During the Year	\$ 25,426	\$ 113,558	\$ (34,571)	\$ (48,150)
Amortization of Actuarial Loss	(35,124)	(21,195)	(1,554)	(5,391)
Prior Service (Credit) Cost	—	211	(2,869)	(1,842)
Amortization of Prior Service Cost (Credit)	(18)	—	18,974	18,803
Change for the Year Ended December 31,	\$ (9,716)	\$ 92,574	\$ (20,020)	\$ (36,580)

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Determination of Pension Expense

The determination of pension expense or income is based on a market-related valuation of assets which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a five-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return.

Pension and OPEB Assets

The fair value tables within Pension and OPEB Assets presents the classification of assets for AEP within the fair value hierarchy. All Level 1, 2, 3 and Other amounts can be allocated to AEPSC using the percentages in the table below:

Pension Plan		OPEB	
December 31,			
2020	2019	2020	2019
31.0 %	30.6 %	26.1 %	26.0 %

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The following table presents the classification of pension plan assets for AEP within the fair value hierarchy as of December 31, 2020:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
	(in millions)					
Equities (a):						
Domestic	\$ 542.3	\$ —	\$ —	\$ —	\$ 542.3	9.7 %
International	676.3	—	—	—	676.3	12.2 %
Common Collective Trusts (c)	—	—	—	650.0	650.0	11.7 %
Subtotal – Equities	1,218.6	—	—	650.0	1,868.6	33.6 %
Fixed Income (a):						
United States Government and Agency Securities	(1.4)	1,134.1	—	—	1,132.7	20.4 %
Corporate Debt	—	1,425.0	—	—	1,425.0	25.6 %
Foreign Debt	—	214.0	—	—	214.0	3.9 %
State and Local Government	—	56.0	—	—	56.0	1.0 %
Other – Asset Backed	—	0.8	—	—	0.8	— %
Subtotal – Fixed Income	(1.4)	2,829.9	—	—	2,828.5	50.9 %
Infrastructure (c)	—	—	—	91.1	91.1	1.6 %
Real Estate (c)	—	—	—	231.6	231.6	4.2 %
Alternative Investments (c)	—	—	—	431.8	431.8	7.8 %
Cash and Cash Equivalents (c)	—	49.3	—	58.2	107.5	1.9 %
Other – Pending Transactions and Accrued Income (b)	—	—	—	(2.5)	(2.5)	— %
Total	\$ 1,217.2	\$ 2,879.2	\$ —	\$ 1,460.2	\$ 5,556.6	100.0 %

- (a) Includes investment securities loaned to borrowers under the securities lending program. See the “Investments Held in Trust for Future Liabilities” section of Note 1 for additional information.
- (b) Amounts in “Other” column primarily represent accrued interest, dividend receivables and transactions pending settlement.
- (c) Amounts in “Other” column represent investments for which fair value is measured using net asset value per share.

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The following table presents the classification of OPEB plan assets for AEP within the fair value hierarchy as of December 31, 2020:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
	(in millions)					
Equities:						
Domestic	\$ 399.9	\$ —	\$ —	\$ —	\$ 399.9	20.6 %
International	290.7	—	—	—	290.7	14.9 %
Common Collective Trusts (b)	—	—	—	264.7	264.7	13.6 %
Subtotal – Equities	690.6	—	—	264.7	955.3	49.1 %
Fixed Income:						
Common Collective Trust – Debt (b)	—	—	—	186.4	186.4	9.6 %
United States Government and Agency Securities	(0.2)	199.7	—	—	199.5	10.2 %
Corporate Debt	—	248.7	—	—	248.7	12.8 %
Foreign Debt	—	34.9	—	—	34.9	1.8 %
State and Local Government	73.9	13.1	—	—	87.0	4.5 %
Subtotal – Fixed Income	73.7	496.4	—	186.4	756.5	38.9 %
Trust Owned Life Insurance:						
International Equities	—	64.8	—	—	64.8	3.3 %
United States Bonds	—	135.9	—	—	135.9	7.0 %
Subtotal – Trust Owned Life Insurance	—	200.7	—	—	200.7	10.3 %
Cash and Cash Equivalents (b)	26.3	—	—	5.7	32.0	1.6 %
Other – Pending Transactions and Accrued Income (a)	—	—	—	2.2	2.2	0.1 %
Total	\$ 790.6	\$ 697.1	\$ —	\$ 459.0	\$ 1,946.7	100.0 %

(a) Amounts in “Other” column primarily represent accrued interest, dividend receivables and transactions pending settlement.

(b) Amounts in “Other” column represent investments for which fair value is measured using net asset value per share.

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The following table presents the classification of pension plan assets for AEP within the fair value hierarchy as of December 31, 2019:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
(in millions)						
Equities (a):						
Domestic	\$ 387.8	\$ —	\$ —	\$ —	\$ 387.8	7.8 %
International	609.1	—	—	—	609.1	12.1 %
Common Collective Trusts (c)	—	—	—	547.3	547.3	10.9 %
Subtotal – Equities	996.9	—	—	547.3	1,544.2	30.8 %
Fixed Income (a):						
United States Government and Agency Securities	(5.8)	1,248.6	—	—	1,242.8	24.8 %
Corporate Debt	—	1,143.7	—	—	1,143.7	22.8 %
Foreign Debt	—	211.6	—	—	211.6	4.2 %
State and Local Government	—	55.1	—	—	55.1	1.1 %
Other – Asset Backed	—	3.6	—	—	3.6	0.1 %
Subtotal – Fixed Income	(5.8)	2,662.6	—	—	2,656.8	53.0 %
Infrastructure (c)	—	—	—	85.8	85.8	1.7 %
Real Estate (c)	—	—	—	239.4	239.4	4.8 %
Alternative Investments (c)	—	—	—	448.3	448.3	8.9 %
Cash and Cash Equivalents (c)	—	24.4	—	37.2	61.6	1.2 %
Other – Pending Transactions and Accrued Income (b)	—	—	—	(20.7)	(20.7)	(0.4)%
Total	\$ 991.1	\$ 2,687.0	\$ —	\$ 1,337.3	\$ 5,015.4	100.0 %

- (a) Includes investment securities loaned to borrowers under the securities lending program. See the “Investments Held in Trust for Future Liabilities” section of Note 1 for additional information.
- (b) Amounts in “Other” column primarily represent accrued interest, dividend receivables and transactions pending settlement.
- (c) Amounts in “Other” column represent investments for which fair value is measured using net asset value per share.

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The following table presents the classification of OPEB plan assets for AEP within the fair value hierarchy as of December 31, 2019:

Asset Class	Level 1	Level 2	Level 3	Other	Total	Year End Allocation
	(in millions)					
Equities:						
Domestic	\$ 312.2	\$ —	\$ —	\$ —	\$ 312.2	17.5 %
International	251.5	—	—	—	251.5	14.1 %
Common Collective Trusts (b)	—	—	—	260.8	260.8	14.7 %
Subtotal – Equities	563.7	—	—	260.8	824.5	46.3 %
Fixed Income:						
Common Collective Trust – Debt (b)	—	—	—	177.6	177.6	10.0 %
United States Government and Agency Securities	(0.1)	214.4	—	—	214.3	12.0 %
Corporate Debt	—	206.7	—	—	206.7	11.6 %
Foreign Debt	—	35.5	—	—	35.5	2.0 %
State and Local Government	58.8	14.8	—	—	73.6	4.1 %
Other – Asset Backed	—	0.2	—	—	0.2	— %
Subtotal – Fixed Income	58.7	471.6	—	177.6	707.9	39.7 %
Trust Owned Life Insurance:						
International Equities	—	60.2	—	—	60.2	3.4 %
United States Bonds	—	151.6	—	—	151.6	8.5 %
Subtotal – Trust Owned Life Insurance	—	211.8	—	—	211.8	11.9 %
Cash and Cash Equivalents (b)	26.7	—	—	6.7	33.4	1.9 %
Other – Pending Transactions and Accrued Income (a)	—	—	—	4.2	4.2	0.2 %
Total	\$ 649.1	\$ 683.4	\$ —	\$ 449.3	\$ 1,781.8	100.0 %

- (a) Amounts in “Other” column primarily represent accrued interest, dividend receivables and transactions pending settlement.
(b) Amounts in “Other” column represent investments for which fair value is measured using net asset value per share.

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Accumulated Benefit Obligation

The accumulated benefit obligation for the pension plans is as follows:

	December 31,	
	2020	2019
	(in thousands)	
Qualified Pension Plan	\$ 1,877,306	\$ 1,741,446
Nonqualified Pension Plan	58,335	56,711
Total Accumulated Benefit Obligation	\$ 1,935,641	\$ 1,798,157

Obligations in Excess of Fair Values

The tables below show the underfunded pension plans that had obligations in excess of plan assets.

Projected Benefit Obligation

	Underfunded Pension Plans	
	December 31,	
	2020	2019
	(in thousands)	
Projected Benefit Obligation	\$ 2,056,782	\$ 1,893,082
Fair Value of Plan Assets	1,724,597	1,533,916
Underfunded Projected Benefit Obligation	\$ (332,185)	\$ (359,166)

Accumulated Benefit Obligation

	Underfunded Pension Plans	
	December 31,	
	2020	2019
	(in thousands)	
Accumulated Benefit Obligation	\$ 1,935,641	\$ 1,798,157
Fair Value of Plan Assets	1,724,597	1,533,916
Underfunded Accumulated Benefit Obligation	\$ (211,044)	\$ (264,241)

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Estimated Future Benefit Payments and Contributions

AEPSC expects contributions and payments for the pension and OPEB plans of \$109.6 million and \$614 thousand, respectively, during 2021. For the pension plans, this amount includes the payment of unfunded nonqualified benefits plus contributions to the qualified trust fund of at least the minimum amount required by the Employee Retirement Income Security Act. For the qualified pension plan, AEPSC may also make additional contributions to maintain the funded status of the plan.

The table below reflects the total benefits expected to be paid from the plan or from AEPSC's assets. The payments include the participants' contributions to the plan for their share of the cost. Future benefit payments are dependent on the number of employees retiring, whether the retiring employees elect to receive pension benefits as annuities or as lump sum distributions, future integration of the benefit plans with changes to Medicare and other legislation, future levels of interest rates and variances in actuarial results. The estimated payments for pension benefits and OPEB are as follows:

	Estimated Payments	
	Pension Plans	OPEB
	(in thousands)	
2021	\$ 142,503	\$ 28,103
2022	137,601	28,354
2023	140,634	27,653
2024	139,182	29,171
2025	136,706	29,354
Years 2026 to 2030, in Total	650,066	147,837

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Components of Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost (credit):

	<u>Pension Plans</u>		<u>OPEB</u>	
	<u>Years Ended December 31,</u>			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(in thousands)			
Service Cost	\$ 42,708	\$ 35,747	\$ 3,192	\$ 2,923
Interest Cost	62,154	73,623	9,824	11,872
Expected Return on Plan Assets	(81,560)	(91,837)	(24,446)	(22,998)
Amortization of Prior Service Cost (Credit)	18	—	(18,974)	(18,803)
Amortization of Net Actuarial Loss	35,124	21,195	1,554	5,391
Net Periodic Benefit Cost (Credit)	<u>58,444</u>	<u>38,728</u>	<u>(28,850)</u>	<u>(21,615)</u>
Capitalized Portion	<u>(19,543)</u>	<u>(15,907)</u>	<u>(1,461)</u>	<u>(1,301)</u>
Net Periodic Benefit Cost (Credit) Recognized in Expense	<u>\$ 38,901</u>	<u>\$ 22,821</u>	<u>\$ (30,311)</u>	<u>\$ (22,916)</u>

American Electric Power System Retirement Savings Plan

AEPSC participates in an AEP sponsored defined contribution retirement savings plan, the American Electric Power System Retirement Savings Plan, for substantially all employees. This qualified plan offers participants an opportunity to contribute a portion of their pay, includes features under Section 401(k) of the Internal Revenue Code and provides for company matching contributions. The matching contributions to the plan are 100% of the first 1% of eligible employee contributions and 70% of the next 5% of contributions. The cost for matching contributions totaled \$32.6 million in 2020 and \$30.2 million in 2019.

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5. INCOME TAXES

Income Tax Expense

The details of AEPSC's income taxes as reported are as follows:

	Years Ended December 31,	
	2020	2019
	(in thousands)	
Federal:		
Current	\$ 680	\$ 5,990
Deferred	(17,741)	(8,254)
Total Federal	<u>(17,061)</u>	<u>(2,264)</u>
State and Local:		
Current	127	471
Deferred	413	(698)
Total State and Local	<u>540</u>	<u>(227)</u>
Income Tax Expense	<u>\$ (16,521)</u>	<u>\$ (2,491)</u>

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The following is a reconciliation of the difference between the amount of federal income taxes computed by multiplying book income before income taxes by the federal statutory tax rate and the amount of income taxes reported:

	Years Ended December 31,	
	2020	2019
	(in thousands)	
Net Income	\$ —	\$ —
Income Tax Expense	(16,521)	(2,491)
Pretax Income	\$ (16,521)	\$ (2,491)
Income Taxes on Pretax Income at Statutory Rate (21%)	\$ (3,469)	\$ (523)
Increase (Decrease) in Income Taxes Resulting from the Following Items:		
Nondeductible Executive Compensation	5,287	5,202
Stock Compensation	(7,429)	(830)
R&D Credit	(3,027)	(1,775)
Trust Owned Life Insurance	(4,100)	(6,357)
State and Local Income Taxes, Net	426	(179)
Tax Reform Excess ADIT Reversal	(1,091)	(1,043)
Uncertain Tax Position	3,588	2,763
Federal Return to Provision	(5,452)	(1,696)
CARES Act Provision	(1,740)	—
Other	486	1,947
Income Tax Expense	\$ (16,521)	\$ (2,491)
Effective Income Tax Rate	NM	NM

NM Not meaningful.

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The following table shows elements of AEPSC's net deferred tax liability and significant temporary differences:

	December 31,	
	2020	2019
	(in thousands)	
Deferred Tax Assets	\$ 96,021	\$ 73,928
Deferred Tax Liabilities	(109,540)	(103,052)
Net Deferred Tax Liabilities	\$ (13,519)	\$ (29,124)
Property Related Temporary Differences	\$ (75,921)	\$ (73,858)
Deferred and Accrued Compensation	49,229	54,105
Accrued Pension	(30,360)	(27,428)
Accrued Vacation Pay	11,322	11,031
Postretirement Benefits	(10,118)	(7,232)
Deferred State Income Taxes	(1,438)	(2,676)
Amounts Due to Affiliates for Future Income Taxes	3,887	4,113
Regulatory Assets	(2,674)	(2,674)
Tax Credit Carryforward	13,385	12,990
Operating Lease Liability	27,060	—
All Other, Net	2,109	2,505
Net Deferred Tax Liabilities	\$ (13,519)	\$ (29,124)

AEP System Tax Allocation Agreement

AEPSC and other AEP subsidiaries join in the filing of a consolidated federal income tax return. The allocation of the AEP System's current consolidated federal income tax to the AEP System companies allocates the benefit of current tax losses of the parent company (Parent Company Loss Benefit) to the AEP System subsidiaries with taxable income reducing their current tax expense proportionately. The consolidated net operating loss (NOL) of the AEP System is allocated to each company in the consolidated group with taxable losses. With the exception of the allocation of the consolidated AEP System NOL, the loss of the Parent and tax credits, the method of allocation reflects a separate return result for each company in the consolidated group.

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Federal and State Income Tax Audit Status

The statute of limitations for the IRS to examine AEPSC and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, AEPSC and other AEP subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified AEPSC and other AEP subsidiaries that it was beginning an examination of these amended returns, including the NOL carryback to 2015 that originated in the 2017 return. As of December 31, 2020, the IRS had not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount AEPSC and other AEP subsidiaries claimed on the amended returns.

Net Income Tax Operating Loss Carryforward

As of December 31, 2020 and 2019, AEPSC had state income tax operating loss carryforwards of \$18.4 million and \$29.7 million, respectively, for Oklahoma. As of December 31, 2020, AEPSC recorded \$1.1 million of deferred state income tax benefits. Management anticipates future taxable income will be sufficient to realize the state net income tax operating loss tax benefits before the state carryforward expires for Oklahoma.

Uncertain Tax Positions

AEPSC recognizes interest accruals related to uncertain tax positions in interest income or expense as applicable and penalties in Operation and Maintenance expense in accordance with the accounting guidance for "Income Taxes."

AEPSC's reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	<u>2020</u>	<u>2019</u>
	(in thousands)	
Balance as of January 1,	\$ 6,012	\$ 566
Increase – Tax Positions Taken During a Prior Period	626	3,249
Decrease – Tax Positions Taken During a Prior Period	(200)	(566)
Increase – Tax Positions Taken During the Current Year	2,961	2,763
Decrease – Tax Positions Taken During the Current Year	—	—
Increase – Settlements with Taxing Authorities	—	—
Decrease – Lapse of the Applicable Statute of Limitations	—	—
Balance as of December 31,	<u>\$ 9,399</u>	<u>\$ 6,012</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is \$9,399 thousand and \$6,012 thousand for 2020 and 2019, respectively. Management believes there will be no significant net increase or decrease in unrecognized tax benefits within 12 months of the reporting date.

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Federal Tax Reform and Legislation

In March 2020, the CARES Act was signed into law. The CARES Act includes tax relief provisions such as: (a) an AMT Credit Refund, and (b) a 5-year NOL carryback from years 2018-2020. Pursuant to the CARES Act, AEPSC and other AEP subsidiaries requested a partial refund of taxes paid in 2014 under the 5-year NOL carryback provision of the CARES Act. Management will continue to monitor potential legislation and any impacts to the AMT Credit and NOL refunds that were filed in 2020 pursuant to the CARES Act.

In December 2020, the CAA of 2021 was signed into law. The CAA of 2021 includes: (a) COVID-19 tax relief and tax extender provisions including extensions of time to begin construction on and placed in-service assets generating production tax credits (PTCs) and investment tax credits (ITCs), (b) 100% deductibility of business meals in 2021 and 2022 and (c) an extension of the work opportunity tax credit. The ITC percentage has been increased for projects starting construction through 2023 and placed in-service by the end of 2025. The PTC has been extended for an additional year, to include projects started in 2021 and completed in 2025. These provisions provide time and flexibility on the construction start and in-service dates.

In September and November 2020, the IRS issued final regulations that provide guidance regarding the additional first-year depreciation deduction under Section 168(k). The final regulations reflect changes as a result of Tax Reform, which affects taxpayers with qualified depreciable property acquired and placed in-service after September 27, 2017. Generally, AEP's regulated utilities will not be eligible for any bonus depreciation for property acquired and placed in-service after December 31, 2017. AEPSC and other AEP subsidiaries' competitive businesses will be eligible for 100% expensing.

The IRS issued final regulations in 2020 that provide guidance concerning potential limitations on the deduction of business interest expense. These regulations require an allocation of net interest expense between regulated and competitive businesses within the consolidated tax return. This allocation is based upon net tax basis, and the proposed regulations provide de minimis tests under which all interest is deductible if less than 10% is allocable to the competitive businesses. AEPSC and other AEP subsidiaries will deduct materially all business interest expense under this de minimis provision.

On December 30, 2020, the IRS issued regulations that provide guidance on the non-deductibility of certain executives compensation above \$1 million under Internal Revenue Code Section 162(m). The regulations clarify the application of rules passed under Tax Reform that expanded the application of Section 162(m) to SEC registered companies that issue either public equity or debt. These rules also expanded the type of compensation and the number of executives subject to this deduction disallowance. AEPSC and other AEP subsidiaries limit certain executives compensation to the \$1 million limitation on its federal income tax return.

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6. LEASES

AEPSC leases property, plant and equipment including, but not limited to, fleet, information technology and real estate leases. These leases require payments of non-lease components, including related property taxes, operating and maintenance costs. AEPSC does not separate non-lease components from associated lease components. Many of these leases have purchase or renewal options. Leases not renewed are often replaced by other leases. Options to renew or purchase a lease are included in the measurement of lease assets and liabilities if it is reasonably certain that AEPSC will exercise the option.

Lease obligations are measured using the discount rate implicit in the lease when that rate is readily determinable. AEPSC has visibility into the rate implicit in the lease when assets are leased from selected financial institutions under master leasing agreements. When the implicit rate is not readily determinable, AEPSC measures its lease obligation using its estimated secured incremental borrowing rate. Incremental borrowing rates are comprised of an underlying risk free rate and a secured credit spread relative to the lessee on a matched maturity basis.

Operating lease rentals and finance lease amortization costs are generally charged to Other Operation and Maintenance expense in accordance with rate-making treatment for regulated operations. Interest on finance lease liabilities is generally charged to Interest Expense. Lease costs associated with capital projects are included in Property, Plant and Equipment on the balance sheets. For regulated operations with finance leases, a finance lease asset and offsetting liability are recorded at the present value of the remaining lease payments for each reporting period. Finance leases for nonregulated property are accounted for as if the assets were owned and financed. The components of rental costs were as follows:

Lease Rental Costs	Years Ended December 31,	
	2020	2019
	(in thousands)	
Operating Lease Cost	\$ 23,479	\$ 39,215
Finance Lease Cost:		
Amortization of Right-of-Use Assets	19,037	32,602
Interest on Lease Liabilities	4,822	5,172
Total Lease Rental Costs (a)	\$ 47,338	\$ 76,989

- (a) Excludes variable and short-term lease costs, which were immaterial for the twelve months ended December 31, 2020.

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Supplemental information related to leases as of and for the twelve months ended December 31, 2020 are shown in the tables below.

Lease Type	Weighted-Average Remaining Lease Term (years):	Weighted-Average Discount Rate
Operating Leases	8.43	4.37 %
Finance Leases	14.72	7.49 %

Cash paid for amounts included in the measurement of lease liabilities:

		(in thousands)
Operating Cash Flows from Operating Leases	\$	20,233
Operating Cash Flows from Finance Leases		2,695
Financing Cash Flows from Finance Leases		23,858
Non-cash Acquisitions Under Operating Leases	\$	53,928

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The following tables show the property, plant and equipment under finance leases and noncurrent assets under operating leases and related obligations recorded on AEPSC's balance sheets. Lease obligations are not recognized on the balance sheets for lease agreements with a lease term of less than twelve months.

	December 31,	
	2020	2019
(in thousands)		
Property, Plant and Equipment Under Finance Leases		
Structures and Improvements	\$ 22,595	\$ 22,580
Office Furniture and Miscellaneous Equipment	98,514	111,141
Total Property, Plant and Equipment Under Finance Leases	121,109	133,721
Accumulated Amortization	42,655	45,053
Net Property, Plant and Equipment Under Finance Leases	\$ 78,454	\$ 88,668

Obligations Under Finance Leases		
Noncurrent Liability	\$ 62,181	\$ 70,814
Liability Due Within One Year	16,266	17,850
Total Obligations Under Finance Leases	\$ 78,447	\$ 88,664

	December 31,	
	2020	2019
(in thousands)		
Operating Lease Assets	\$ 128,261	\$ 92,576

Obligations Under Operating Leases		
Noncurrent Liability	\$ 110,755	\$ 76,771
Liability Due Within One Year	18,102	16,247
Total Obligations Under Operating Leases	\$ 128,857	\$ 93,018

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Future minimum lease payments consisted of the following as of December 31, 2020:

Future Minimum Lease Payments	Finance Leases	Operating Leases
(in thousands)		
2021	\$ 20,591	\$ 23,406
2022	17,407	21,039
2023	13,962	19,617
2024	10,657	17,551
2025	6,701	15,162
Later Years	63,697	58,971
Total Future Minimum Lease Payments	133,015	155,746
Less: Imputed Interest	54,568	26,889
Estimated Present Value of Future Minimum Lease Payments	\$ 78,447	\$ 128,857

Future minimum lease payments consisted of the following as of December 31, 2019:

Future Minimum Lease Payments	Finance Leases	Operating Leases
(in thousands)		
2020	\$ 22,529	\$ 21,216
2021	18,979	17,187
2022	15,718	14,440
2023	12,522	13,022
2024	9,278	10,959
Later Years	68,169	41,102
Total Future Minimum Lease Payments	147,195	117,926
Less: Imputed Interest	58,531	24,908
Estimated Present Value of Future Minimum Lease Payments	\$ 88,664	\$ 93,018

Master Lease Agreements

AEPSC leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, AEPSC is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed. As of December 31, 2020, the maximum potential loss for these lease agreements was \$6.8 million assuming the fair value of the equipment is zero at the end of the lease term.

Lessor Activity

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AEPSC's lessor activity was immaterial as of and for the twelve months ended December 31, 2020 and December 31, 2019, respectively.

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7. FINANCING ACTIVITIES

Corporate Borrowing Program – AEP System

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. AEP has a direct financing relationship with AEPSC to meet its short-term needs. The amounts of outstanding borrowings from AEP as of December 31, 2020 and 2019 are included in Advances from Affiliates on AEPSC's balance sheets. AEPSC's direct borrowing activity with AEP is described in the following table:

Year Ended December 31,	Maximum Borrowings from AEP	Average Borrowings from AEP	Borrowings from AEP as of December 31,
(in thousands)			
2020	\$ 510,108	\$ 367,710	\$ 428,996
2019	462,471	287,501	348,924

Maximum, minimum and average interest rates for funds borrowed from AEP are summarized in the following table:

Year Ended December 31,	Maximum Interest Rate for Funds Borrowed from AEP	Minimum Interest Rate for Funds Borrowed from AEP	Average Interest Rate for Funds Borrowed from AEP
2020	2.70 %	0.27 %	1.13 %
2019	3.02 %	1.91 %	2.56 %

The amounts of interest expense related to direct borrowing activity with AEP included in Interest Expense on AEPSC's statements of operations are in the following table:

	Years Ended December 31,	
	2020	2019
	(in thousands)	
Interest Expense	\$ 4,246	\$ 7,457

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8. STOCK-BASED COMPENSATION

AEPSC participates in AEP's long-term incentive plan. The Amended and Restated American Electric Power System Long-Term Incentive Plan (the "Prior Plan"), was replaced prospectively for new grants by the American Electric Power System 2015 Long-Term Incentive Plan (the "2015 LTIP") effective in April 2015. The 2015 LTIP was subsequently amended in September 2016. No new awards may be granted under the Prior Plan. The 2015 LTIP awards may be stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance share units, cash-based awards and other stock-based awards. AEPSC employees comprise the majority of participants and they hold the majority of shares outstanding under AEP's share-based compensation plans. The following sections provide further information regarding each type of stock-based compensation award granted under these plans.

Stock Options

AEP did not grant stock options in 2020 or 2019. As of December 31, 2020, AEP has no outstanding stock options.

Performance Shares

Performance units granted prior to 2017 were settled in cash rather than AEP common stock and did not reduce the number of shares remaining available under the 2015 LTIP. Those performance units had a fair value upon vesting equal to the average closing market price of AEP common stock for the last 20 trading days of the performance period. Performance shares granted in and after 2017 are settled in AEP common stock and reduce the aggregate share authorization. In all cases the number of performance shares held at the end of the three-year performance period is multiplied by the performance score for such period to determine the actual number of performance shares that participants realize. The performance score can range from 0% to 200% and is determined at the end of the performance period based on performance measures, which include both performance and market conditions, established for each grant at the beginning of the performance period by the Human Resources Committee of AEP's Board of Directors (HR Committee).

Certain employees must satisfy a minimum stock ownership requirement. If those employees have not met their stock ownership requirements, a portion or all of their performance shares are mandatorily deferred as AEP career shares to the extent needed to meet their stock ownership requirement. AEP career shares are a form of non-qualified deferred compensation that has a value equivalent to shares of AEP common stock. AEP career shares are settled in AEP common stock after the participant's termination of employment.

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Amounts equivalent to cash dividends on both performance shares and AEP career shares accrue as additional units. Management records compensation cost for performance shares over an approximately three-year vesting period. Performance shares are recorded as mezzanine equity on the Parent's balance sheets until the vesting date and compensation cost is calculated at fair value based on metrics for each grant. Performance shares granted in 2020 had three metrics: (a) three-year cumulative operating earnings per-share with a 50% weight, (b) total shareholder return with a 40% weight and (c) non-emitting generation capacity as a percentage of total owned and purchased capacity with a 10% weight. Performance shares granted prior to 2020 had two equally-weighted performance metrics: (a) three-year cumulative operating earnings per-share and (b) total shareholder return. The three-year cumulative operating earnings per-share metric and non-emitting generating capacity metric are adjusted quarterly for changes in performance relative to a target approved by the HR Committee. The total shareholder return metric is measured relative to a peer group of similar companies and is based on a third-party Monte Carlo valuation. The value related to this metric does not change over the three-year vesting period.

The HR Committee awarded performance shares and reinvested dividends on outstanding performance shares and AEP career shares to AEPSC employees are as follows:

AEPSC Performance Shares	Years Ended December 31,	
	2020	2019
Awarded Shares (in thousands)	327	415
Weighted Average Share Fair Value at Grant Date	\$ 116.34	\$ 79.54
Vesting Period (years)	3	3

AEPSC Performance Shares and AEP Career Shares (Reinvested Dividends Portion)	Years Ended December 31,	
	2020	2019
Awarded Shares (in thousands) (a)	58	52
Weighted Average Fair Value at Grant Date	\$ 84.87	\$ 88.78
Vesting Period (years)	(b)	(b)

(a) All awarded dividends in 2020 and 2019 were equity awards.

(b) The vesting period for the reinvested dividends on performance shares is equal to the remaining life of the related performance shares. Dividends on AEP career shares vest immediately when the dividend is awarded but are not settled in AEP common stock until after the participant's AEP employment ends.

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Performance scores and final awards are determined and approved by the HR Committee in accordance with the pre-established performance measures within approximately two months after the end of the performance period.

The certified performance scores and shares earned by AEPSC employees for the three-year periods were as follows:

AEPSC Performance Shares	Years Ended December 31,	
	2020	2019
Certified Performance Score	128.2 %	132.7 %
Performance Shares Earned	596,099	622,121
Performance Shares Mandatorily Deferred as AEP Career Shares	6,240	6,717
Performance Shares Voluntarily Deferred into the Incentive Compensation Deferral Program	20,640	39,168
Performance Shares to be Settled in Cash	569,219	576,236

The settlements to AEPSC employees were as follows:

AEPSC Performance Shares and AEP Career Shares	Years Ended December 31,	
	2020	2019
	(in thousands)	
Cash Settlements for Performance Shares	\$ —	\$ 45,500
AEP Common Stock Settlements for Career Share Distributions	1,781	2,221

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A summary of the status of AEP's nonvested Performance Shares as of December 31, 2020 and changes during the year ended December 31, 2020 were as follows:

Nonvested Performance Shares	Shares	Weighted Average Grant Date Fair Value
	(in thousands)	
Nonvested as of January 1, 2020	1,113	\$ 73.64
Awarded	425	116.56
Dividends	54	84.91
Vested (a)	(597)	66.45
Forfeited	(56)	87.58
Nonvested as of December 31, 2020	<u>939</u>	98.05

- (a) The vested Performance Shares will be converted to 717 thousand shares based on the closing share price on the day before settlement.

Monte Carlo Valuation

AEP engages a third-party for a Monte Carlo valuation to calculate half of the fair value of the total shareholder return metric for the performance shares awarded during and after 2017. The valuations use a lattice model and the expected volatility assumptions used were the historical volatilities for AEP and the members of their peer group. The assumptions used in the Monte Carlo valuations were as follows:

Monte Carlo Valuation	Years Ended December 31,	
	2020	2019
Valuation Period (in years) (a)	2.87	2.87
Expected Volatility Minimum	13.67 %	14.83 %
Expected Volatility Maximum	28.15 %	25.57 %
Expected Volatility Average	16.39 %	17.39 %
Dividend Rate (b)	— %	— %
Risk Free Rate	1.40 %	2.49 %

- (a) Period from award date to vesting date.
(b) Equivalent to reinvesting dividends.

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Restricted Stock Units

The HR Committee grants restricted stock units (RSUs), which generally vest, subject to the participant's continued employment, over at least three years in approximately equal annual increments. The RSUs accrue dividends as additional RSUs. The additional RSUs granted as dividends vest on the same date as the underlying RSUs. RSUs are converted into shares of AEP common stock upon vesting, except the RSUs granted prior to 2017 to AEP's executive officers which settled in cash. Executive officers are those officers who are subject to the disclosure requirements set forth in Section 16 of the Securities Exchange Act of 1934. For RSUs settled in shares, compensation cost is measured at fair value on the grant date and recorded over the vesting period. Fair value is determined by multiplying the number of RSUs granted by the grant date market closing price. For RSUs that settled in cash, compensation cost is recorded over the vesting period and adjusted for changes in fair value until vested. The fair value at vesting was determined by multiplying the number of RSUs vested by the 20-day average closing price of AEP common stock. The maximum contractual term of outstanding RSUs is approximately 40 months from the grant date.

The HR Committee awarded RSUs, including additional units awarded as dividends as follows:

AEP Restricted Stock Units	Years Ended December 31,	
	2020	2019
Awarded Units (in thousands)	269	305
Weighted Average Grant Date Fair Value	\$ 94.38	\$ 81.57

The total fair value and total intrinsic value of restricted stock units vested were as follows:

AEP Restricted Stock Units	Years Ended December 31,	
	2020	2019
	(in thousands)	
Fair Value of Restricted Stock Units Vested	\$ 22,940	\$ 16,348
Intrinsic Value of Restricted Stock Units Vested (a)	25,221	21,628

(a) Intrinsic value is calculated as market price at the vesting date.

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American Electric Power Service Corporation			
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A summary of the status of AEP's nonvested RSUs as of December 31, 2020 and changes during the year ended December 31, 2020 were as follows:

Nonvested Restricted Stock Units	Shares/Units	Weighted Average Grant Date Fair Value
	(in thousands)	
Nonvested as of January 1, 2020	517	\$ 75.55
Granted	269	94.38
Vested	(308)	74.58
Forfeited	(30)	84.27
Nonvested as of December 31, 2020	448	86.56

AEP's total aggregate intrinsic value of nonvested RSUs as of December 31, 2020 was \$37 million and the weighted-average remaining contractual life was 1.6 years.

Share-based Compensation Plans

For share-based payment arrangements the compensation cost, the actual tax benefit from the tax deductions for compensation cost recognized in income and the total compensation cost capitalized were as follows:

Share-based Compensation Plans	Years Ended December 31,	
	2020	2019
	(in thousands)	
Compensation Cost for Share-based Payment Arrangements (a)	\$ 34,660	\$ 30,465
Actual Tax Benefit	3,190	2,660
Total Compensation Cost Capitalized	16,871	16,949

- (a) Compensation cost for share-based payment arrangements is included in Operation and Maintenance expenses on AEPSC's statements of operations.

As of December 31, 2020, AEPSC had \$65 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the 2015 LTIP. Unrecognized compensation cost related to unvested share-based arrangements will change as the fair value of performance shares are adjusted each period and as forfeitures for all award types are realized. AEPSC's unrecognized compensation cost will be recognized over a weighted-average period of 1.28 years.

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Under the 2015 LTIP, AEP is permitted to use authorized but unissued shares, treasury shares, shares acquired in the open market specifically for distribution under these plans, or any combination thereof to fulfill share commitments. AEP's current practice is to use authorized but unissued shares to fulfill share commitments. The number of shares used to fulfill share commitments is generally reduced to offset AEP's tax withholding obligation.

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9. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

AEPSC's revenue consists of revenue from providing certain managerial and professional services, including administrative and engineering services, primarily to affiliated companies which represent revenues from contracts with customers. AEPSC did not have alternative revenues for the years ended December 31, 2020 and 2019.

Performance Obligations

AEPSC has performance obligations as part of its normal course of business. A performance obligation is a promise to transfer a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to a customer. The invoice practical expedient within the accounting guidance for "Revenue from Contracts with Customers" allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer.

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. AEPSC elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from the respective revenue streams are representative of services or goods provided to date to the customer. Performance obligations for AEPSC are summarized as follows:

Sales to AEP Affiliates

AEPSC has performance obligations to provide certain managerial and professional services, including administrative and engineering services, to affiliated companies in the AEP System and periodically to nonaffiliated companies. AEPSC's intercompany service billings, which are AEPSC's fully allocated cost, including taxes, are regulated by the Federal Energy Regulatory Commission under the 2005 Public Utility Holding Company Act and the Federal Power Act.

Fixed Performance Obligations

As of December 31, 2020, there are no fixed performance obligations related to AEPSC.

Contract Assets and Liabilities

Contract assets are recognized when AEPSC has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. AEPSC did not have any material contract assets as of December 31, 2020 and 2019.

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When AEPSC receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. AEPSC did not have any material contract liabilities as of December 31, 2020 and 2019.

Accounts Receivable from Contracts with Customers

Amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable - Affiliated Companies on the balance sheets were immaterial as of December 31, 2020 and 2019.

Contract Costs

Contract costs to obtain or fulfill a contract are accounted for under the guidance for “Other Assets and Deferred Costs” and presented as a single asset and are neither bifurcated nor reclassified between current and noncurrent assets on AEPSC’s balance sheets. Contract costs to acquire a contract are amortized in a manner consistent with the transfer of goods or services to the customer in Operation and Maintenance on AEPSC’s statements of operations. AEPSC did not have material contract costs as of December 31, 2020 and 2019.

Schedule XV- Comparative Income Statement

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
1		SERVICE COMPANY OPERATING REVENUES		
2	400	Service Company Operating Revenues	1,667,878,507	1,671,919,952
3		SERVICE COMPANY OPERATING EXPENSES		
4	401	Operation Expenses	793,896,739	774,959,007
5	402	Maintenance Expenses	122,592,805	125,041,747
6	403	Depreciation Expenses	4,908,733	4,272,755
7	403.1	Depreciation Expense for Asset Retirement Costs		
8	404	Amortization of Limited-Term Property	529,866	404,737
9	405	Amortization of Other Property		
10	407.3	Regulatory Debits		
11	407.4	Regulatory Credits		
12	408.1	Taxes Other Than Income Taxes, Operating Income	56,477,002	57,888,389
13	409.1	Income Taxes, Operating Income	806,759	6,461,651
14	410.1	Provision for Deferred Income Taxes, Operating Income	379,056,479	219,972,749
15	411.1	Provision for Deferred Income Taxes – Credit , Operating Income	(396,668,464)	(228,925,184)
16	411.4	Investment Tax Credit, Service Company Property		
17	411.6	Gains from Disposition of Service Company Plant		
18	411.7	Losses from Disposition of Service Company Plant		
19	411.10	Accretion Expense		
20	412	Costs and Expenses of Construction or Other Services	695,120,649	697,483,722
21	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work		
22		TOTAL SERVICE COMPANY OPERATING EXPENSES (Total of Lines 4-21)	1,656,720,568	1,657,559,573
23		NET SERVICE COMPANY OPERATING INCOME (Total of Lines 2 less 22)	11,157,939	14,360,379
24		OTHER INCOME		
25	418.1	Equity in Earnings of Subsidiary Companies		
26	419	Interest and Dividend Income	103,470	445,328
27	419.1	Allowance for Other Funds Used During Construction		
28	421	Miscellaneous Income or Loss	1,244,423	1,418,265
29	421.1	Gain on Disposition of Property		
30		TOTAL OTHER INCOME (Total of Lines 25-29)	1,347,893	1,863,593
31		OTHER INCOME DEDUCTIONS		
32	421.2	Loss on Disposition of Property		
33	425	Miscellaneous Amortization		
34	426.1	Donations	197,984	1,378,229
35	426.2	Life Insurance	(24,329)	
36	426.3	Penalties	10,154	5,170
37	426.4	Expenditures for Certain Civic, Political and Related Activities	5,086,469	5,401,961
38	426.5	Other Deductions	1,665,372	907,845
39		TOTAL OTHER INCOME DEDUCTIONS (Total of Lines 32-38)	6,935,650	7,693,205
40		TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS		

Schedule XV- Comparative Income Statement (continued)

Line No.	Account Number (a)	Title of Account (b)	Current Year (c)	Prior Year (d)
41	408.2	Taxes Other Than Income Taxes, Other Income and Deductions		125
42	409.2	Income Taxes, Other Income and Deductions		
43	410.2	Provision for Deferred Income Taxes, Other Income and Deductions	283,903	
44	411.2	Provision for Deferred Income Taxes – Credit, Other Income and Deductions		
45	411.5	Investment Tax Credit, Other Income Deductions		
46		TOTAL TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS (Total of Lines 41-45)	283,903	125
47		INTEREST CHARGES		
48	427	Interest on Long-Term Debt		
49	428	Amortization of Debt Discount and Expense		
50	429	(less) Amortization of Premium on Debt- Credit		
51	430	Interest on Debt to Associate Companies	4,246,345	7,457,381
52	431	Other Interest Expense	1,219,591	1,424,036
53	432	(less) Allowance for Borrowed Funds Used During Construction-Credit	179,657	350,775
54		TOTAL INTEREST CHARGES (Total of Lines 48-53)	5,286,279	8,530,642
55		NET INCOME BEFORE EXTRAORDINARY ITEMS (Total of Lines 23, 30, minus 39, 46, and 54)		
56		EXTRAORDINARY ITEMS		
57	434	Extraordinary Income		
58	435	(less) Extraordinary Deductions		
59		Net Extraordinary Items (Line 57 less Line 58)		
60	409.4	(less) Income Taxes, Extraordinary		
61		Extraordinary Items After Taxes (Line 59 less Line 60)		
62		NET INCOME OR LOSS/COST OF SERVICE (Total of Lines 55-61)		

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
1	403-403.1	Depreciation Expense	4,908,733		4,908,733
2	404-405	Amortization Expense	529,866		529,866
3	407.3-407.4	Regulatory Debits/Credits – Net			
4	408.1-408.2	Taxes Other Than Income Taxes	56,476,047	955	56,477,002
5	409.1-409.3	Income Taxes	806,759		806,759
6	410.1-411.2	Provision for Deferred Taxes	379,340,382		379,340,382
7	411.1-411.2	Provision for Deferred Taxes – Credit	396,668,464		396,668,464
8	411.6	Gain from Disposition of Service Company Plant			
9	411.7	Losses from Disposition of Service Company Plant			
10	411.4-411.5	Investment Tax Credit Adjustment			
11	411.10	Accretion Expense			
12	412	Costs and Expenses of Construction or Other Services	588,308,244	106,812,405	695,120,649
13	416	Costs and Expenses of Merchandising, Jobbing, and Contract Work for Associated Companies			
14	418	Non-operating Rental Income			
15	418.1	Equity in Earnings of Subsidiary Companies			
16	419	Interest and Dividend Income	103,470		103,470
17	419.1	Allowance for Other Funds Used During Construction			
18	421	Miscellaneous Income or Loss	1,495,891	(251,468)	1,244,423
19	421.1	Gain on Disposition of Property			
20	421.2	Loss on Disposition Of Property			
21	425	Miscellaneous Amortization			
22	426.1	Donations	197,984		197,984
23	426.2	Life Insurance	(24,329)		(24,329)
24	426.3	Penalties	10,154		10,154
25	426.4	Expenditures for Certain Civic, Political and Related Activities	4,734,817	351,652	5,086,469
26	426.5	Other Deductions	1,136,552	528,820	1,665,372
27	427	Interest On Long-Term Debt			
28	428	Amortization of Debt Discount and Expense			
29	429	Amortization of Premium on Debt – Credit			
30	430	Interest on Debt to Associate Companies	4,246,345		4,246,345
31	431	Other Interest Expense	1,219,591		1,219,591
32	432	Allowance for Borrowed Funds Used During Construction	(179,657)		(179,657)
33	500-509	Total Steam Power Generation Operation Expenses	41,946,550	7,258,357	49,204,907
34	510-515	Total Steam Power Generation Maintenance Expenses	11,119,819	1,849,543	12,969,362

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
35	517-525	Total Nuclear Power Generation Operation Expenses	13,645	87,562	101,207			
36	528-532	Total Nuclear Power Generation Maintenance Expenses	655,820	108,438	764,258			
37	535-540.1	Total Hydraulic Power Generation Operation Expenses	3,483,547	501,876	3,985,423			
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	1,416,572	268,495	1,685,067			
39	546-550.1	Total Other Power Generation Operation Expenses	87,505	13,867	101,372			
40	551-554.1	Total Other Power Generation Maintenance Expenses	8,252	1,719	9,971			
41	555-557	Total Other Power Supply Operation Expenses	15,008,722	2,860,544	17,869,266			
42	560	Operation Supervision and Engineering	51,868,354	15,624,873	67,493,227			
43	561.1	Load Dispatch-Reliability	47	22	69			
44	561.2	Load Dispatch-Monitor and Operate Transmission System	5,408,678	2,498,385	7,907,063			
45	561.3	Load Dispatch-Transmission Service and Scheduling	(26,195)		(26,195)			
46	561.4	Scheduling, System Control and Dispatch Services	72,374		72,374			
47	561.5	Reliability Planning and Standards Development	1,818,524	682,314	2,500,838			
48	561.6	Transmission Service Studies						
49	561.7	Generation Interconnection Studies						
50	561.8	Reliability Planning and Standards Development Services						
51	562	Station Expenses (Major Only)	1,693,029	889,585	2,582,614			
52	563	Overhead Line Expenses (Major Only)	717,789	117,813	835,602			
53	564	Underground Line Expenses (Major Only)	1,688		1,688			
54	565	Transmission of Electricity by Others (Major Only)						
55	566	Miscellaneous Transmission Expenses (Major Only)	24,245,130	3,332,431	27,577,561			
56	567	Rents	92,780		92,780			
57	567.1	Operation Supplies and Expenses (Nonmajor Only)						
58		Total Transmission Operation Expenses	85,892,198	23,145,423	109,037,621			
59	568	Maintenance Supervision and Engineering (Major Only)	190,402	65,704	256,106			
60	569	Maintenance of Structures (Major Only)	91,769	29,751	121,520			
61	569.1	Maintenance of Computer Hardware	200,862	37,886	238,748			
62	569.2	Maintenance of Computer Software	2,494,788	409,161	2,903,949			
63	569.3	Maintenance of Communication Equipment	7,449	4,092	11,541			
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant						
65	570	Maintenance of Station Equipment (Major Only)	6,574,066	3,252,248	9,826,314			
66	571	Maintenance of Overhead Lines (Major Only)	2,031,719	1,934,559	3,966,278			
67	572	Maintenance of Underground Lines (Major Only)	158,281	224,508	382,789			
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	270,192	66,707	336,899			

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
35	517-525	Total Nuclear Power Generation Operation Expenses	13,645	87,562	101,207
36	528-532	Total Nuclear Power Generation Maintenance Expenses	655,820	108,438	764,258
37	535-540.1	Total Hydraulic Power Generation Operation Expenses	3,483,547	501,876	3,985,423
38	541-545.1	Total Hydraulic Power Generation Maintenance Expenses	1,416,572	268,495	1,685,067
39	546-550.1	Total Other Power Generation Operation Expenses	87,505	13,867	101,372
40	551-554.1	Total Other Power Generation Maintenance Expenses	8,252	1,719	9,971
41	555-557	Total Other Power Supply Operation Expenses	15,008,722	2,860,544	17,869,266
42	560	Operation Supervision and Engineering	51,868,354	15,624,873	67,493,227
43	561.1	Load Dispatch-Reliability	47	22	69
44	561.2	Load Dispatch-Monitor and Operate Transmission System	5,408,678	2,498,385	7,907,063
45	561.3	Load Dispatch-Transmission Service and Scheduling	(26,195)		(26,195)
46	561.4	Scheduling, System Control and Dispatch Services	72,374		72,374
47	561.5	Reliability Planning and Standards Development	1,818,524	682,314	2,500,838
48	561.6	Transmission Service Studies			
49	561.7	Generation Interconnection Studies			
50	561.8	Reliability Planning and Standards Development Services			
51	562	Station Expenses (Major Only)	1,693,029	889,585	2,582,614
52	563	Overhead Line Expenses (Major Only)	717,789	117,813	835,602
53	564	Underground Line Expenses (Major Only)	1,688		1,688
54	565	Transmission of Electricity by Others (Major Only)			
55	566	Miscellaneous Transmission Expenses (Major Only)	24,245,130	3,332,431	27,577,561
56	567	Rents	92,780		92,780
57	567.1	Operation Supplies and Expenses (Nonmajor Only)			
58		Total Transmission Operation Expenses	85,892,198	23,145,423	109,037,621
59	568	Maintenance Supervision and Engineering (Major Only)	190,402	65,704	256,106
60	569	Maintenance of Structures (Major Only)	91,769	29,751	121,520
61	569.1	Maintenance of Computer Hardware	200,862	37,886	238,748
62	569.2	Maintenance of Computer Software	2,494,788	409,161	2,903,949
63	569.3	Maintenance of Communication Equipment	7,449	4,092	11,541
64	569.4	Maintenance of Miscellaneous Regional Transmission Plant			
65	570	Maintenance of Station Equipment (Major Only)	6,574,066	3,252,248	9,826,314
66	571	Maintenance of Overhead Lines (Major Only)	2,031,719	1,934,559	3,966,278
67	572	Maintenance of Underground Lines (Major Only)	158,281	224,508	382,789
68	573	Maintenance of Miscellaneous Transmission Plant (Major Only)	270,192	66,707	336,899

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
69	574	Maintenance of Transmission Plant (Nonmajor Only)						
70		Total Transmission Maintenance Expenses	12,019,528	6,024,616	18,044,144			
71	575.1-575.8	Total Regional Market Operation Expenses						
72	576.1-576.5	Total Regional Market Maintenance Expenses						
73	580-589	Total Distribution Operation Expenses	20,190,455	6,256,384	26,446,839			
74	590-598	Total Distribution Maintenance Expenses	3,518,138	2,022,600	5,540,738			
75		Total Electric Operation and Maintenance Expenses	838,804,414	158,344,724	997,149,138			
76	700-798	Production Expenses (Provide selected accounts in a footnote)						
77	800-813	Total Other Gas Supply Operation Expenses						
78	814-826	Total Underground Storage Operation Expenses						
79	830-837	Total Underground Storage Maintenance Expenses						
80	840-842.3	Total Other Storage Operation Expenses						
81	843.1-843.9	Total Other Storage Maintenance Expenses						
82	844.1-846.2	Total Liquefied Natural Gas Terminaling and Processing Operation Expenses						
83	847.1-847.8	Total Liquefied Natural Gas Terminaling and Processing Maintenance Expenses						
84	850	Operation Supervision and Engineering						
85	851	System Control and Load Dispatching.						
86	852	Communication System Expenses						
87	853	Compressor Station Labor and Expenses						
88	854	Gas for Compressor Station Fuel						
89	855	Other Fuel and Power for Compressor Stations						
90	856	Mains Expenses						
91	857	Measuring and Regulating Station Expenses						
92	858	Transmission and Compression of Gas By Others						
93	859	Other Expenses						
94	860	Rents						
95		Total Gas Transmission Operation Expenses						
96	861	Maintenance Supervision and Engineering						
97	862	Maintenance of Structures and Improvements						
98	863	Maintenance of Mains						
99	864	Maintenance of Compressor Station Equipment						
100	865	Maintenance of Measuring And Regulating Station Equipment						
101	866	Maintenance of Communication Equipment						
102	867	Maintenance of Other Equipment						
103		Total Gas Transmission Maintenance Expenses						
104	870-881	Total Distribution Operation Expenses						

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
69	574	Maintenance of Transmission Plant (Nonmajor Only)			
70		Total Transmission Maintenance Expenses	12,019,528	6,024,616	18,044,144
71	575.1-575.8	Total Regional Market Operation Expenses			
72	576.1-576.5	Total Regional Market Maintenance Expenses			
73	580-589	Total Distribution Operation Expenses	20,190,455	6,256,384	26,446,839
74	590-598	Total Distribution Maintenance Expenses	3,518,138	2,022,600	5,540,738
75		Total Electric Operation and Maintenance Expenses	838,804,414	158,344,724	997,149,138
76	700-798	Production Expenses (Provide selected accounts in a footnote)			
77	800-813	Total Other Gas Supply Operation Expenses			
78	814-826	Total Underground Storage Operation Expenses			
79	830-837	Total Underground Storage Maintenance Expenses			
80	840-842.3	Total Other Storage Operation Expenses			
81	843.1-843.9	Total Other Storage Maintenance Expenses			
82	844.1-846.2	Total Liquefied Natural Gas Terminating and Processing Operation Expenses			
83	847.1-847.8	Total Liquefied Natural Gas Terminating and Processing Maintenance Expenses			
84	850	Operation Supervision and Engineering			
85	851	System Control and Load Dispatching.			
86	852	Communication System Expenses			
87	853	Compressor Station Labor and Expenses			
88	854	Gas for Compressor Station Fuel			
89	855	Other Fuel and Power for Compressor Stations			
90	856	Mains Expenses			
91	857	Measuring and Regulating Station Expenses			
92	858	Transmission and Compression of Gas By Others			
93	859	Other Expenses			
94	860	Rents			
95		Total Gas Transmission Operation Expenses			
96	861	Maintenance Supervision and Engineering			
97	862	Maintenance of Structures and Improvements			
98	863	Maintenance of Mains			
99	864	Maintenance of Compressor Station Equipment			
100	865	Maintenance of Measuring And Regulating Station Equipment			
101	866	Maintenance of Communication Equipment			
102	867	Maintenance of Other Equipment			
103		Total Gas Transmission Maintenance Expenses			
104	870-881	Total Distribution Operation Expenses			

Line No.	Account Number (a)	Title of Account (b)	Associate Company Direct Cost (c)	Associate Company Indirect Cost (d)	Associate Company Total Cost (e)	Nonassociate Company Direct Cost (f)	Nonassociate Company Indirect Cost (g)	Nonassociate Company Total Cost (h)
105	885-894	Total Distribution Maintenance Expenses						
106		Total Natural Gas Operation and Maintenance Expenses						
107	901	Supervision	238,397	117,929	356,326			
108	902	Meter reading expenses	648,265	263,723	911,988			
109	903	Customer records and collection expenses	35,485,733	18,156,328	53,642,061			
110	904	Uncollectible accounts	2,666	630	3,296			
111	905	Miscellaneous customer accounts expenses	121,515	33,869	155,384			
112	906	Total Customer Accounts Operation Expenses	36,496,576	18,572,479	55,069,055			
113	907	Supervision	686,457	185,278	871,735			
114	908	Customer assistance expenses	345,821	62,980	408,801			
115	909	Informational And Instructional Advertising Expenses						
116	910	Miscellaneous Customer Service And Informational Expenses	708,162	181,885	890,047			
117		Total Service and Informational Operation Accounts	1,740,440	430,143	2,170,583			
118	911	Supervision	6,568		6,568			
119	912	Demonstrating and Selling Expenses	1,013,677	15,320	1,028,997			
120	913	Advertising Expenses	134		134			
121	916	Miscellaneous Sales Expenses						
122		Total Sales Operation Expenses	1,020,379	15,320	1,035,699			
123	920	Administrative and General Salaries	177,967,337	56,004,132	233,971,469			
124	921	Office Supplies and Expenses	17,110,756	2,965,757	20,076,513			
125	923	Outside Services Employed	60,522,266	7,624,121	68,146,387			
126	924	Property Insurance	(57,975)		(57,975)			
127	925	Injuries and Damages	1,708,671	2,862	1,711,533			
128	926	Employee Pensions and Benefits	128,992,883	39,680	129,032,563			
129	928	Regulatory Commission Expenses	6,927,072	1,198,672	8,125,744			
130	930.1	General Advertising Expenses	139,074		139,074			
131	930.2	Miscellaneous General Expenses	4,768,090	1,008,380	5,776,470	3,790,716	398,442	4,189,158
132	931	Rents	57,312,193	451,638	57,763,831			
133		Total Administrative and General Operation Expenses	455,390,367	69,295,242	524,685,609	3,790,716	398,442	4,189,158
134	935	Maintenance of Structures and Equipment	82,480,140	1,099,125	83,579,265			
135		Total Administrative and General Maintenance Expenses	577,127,902	89,412,309	666,540,211	3,790,716	398,442	4,189,158
136		Total Cost of Service	1,415,932,316	247,757,033	1,663,689,349	3,790,716	398,442	4,189,158

Schedule XVI- Analysis of Charges for Service- Associate and Non-Associate Companies (continued)

Line No.	Account Number (a)	Title of Account (b)	Total Charges for Services Direct Cost (i)	Total Charges for Services Indirect Cost (j)	Total Charges for Services Total Cost (k)
105	885-894	Total Distribution Maintenance Expenses			
106		Total Natural Gas Operation and Maintenance Expenses			
107	901	Supervision	238,397	117,929	356,326
108	902	Meter reading expenses	648,265	263,723	911,988
109	903	Customer records and collection expenses	35,485,733	18,156,328	53,642,061
110	904	Uncollectible accounts	2,666	630	3,296
111	905	Miscellaneous customer accounts expenses	121,515	33,869	155,384
112	906	Total Customer Accounts Operation Expenses	36,496,576	18,572,479	55,069,055
113	907	Supervision	686,457	185,278	871,735
114	908	Customer assistance expenses	345,821	62,980	408,801
115	909	Informational And Instructional Advertising Expenses			
116	910	Miscellaneous Customer Service And Informational Expenses	708,162	181,885	890,047
117		Total Service and Informational Operation Accounts	1,740,440	430,143	2,170,583
118	911	Supervision	6,568		6,568
119	912	Demonstrating and Selling Expenses	1,013,677	15,320	1,028,997
120	913	Advertising Expenses	134		134
121	916	Miscellaneous Sales Expenses			
122		Total Sales Operation Expenses	1,020,379	15,320	1,035,699
123	920	Administrative and General Salaries	177,967,337	56,004,132	233,971,469
124	921	Office Supplies and Expenses	17,110,756	2,965,757	20,076,513
125	923	Outside Services Employed	60,522,266	7,624,121	68,146,387
126	924	Property Insurance	(57,975)		(57,975)
127	925	Injuries and Damages	1,708,671	2,862	1,711,533
128	926	Employee Pensions and Benefits	128,992,883	39,680	129,032,563
129	928	Regulatory Commission Expenses	6,927,072	1,198,672	8,125,744
130	930.1	General Advertising Expenses	139,074		139,074
131	930.2	Miscellaneous General Expenses	8,558,806	1,406,822	9,965,628
132	931	Rents	57,312,193	451,638	57,763,831
133		Total Administrative and General Operation Expenses	459,181,083	69,693,684	528,874,767
134	935	Maintenance of Structures and Equipment	82,480,140	1,099,125	83,579,265
135		Total Administrative and General Maintenance Expenses	580,918,618	89,810,751	670,729,369
136		Total Cost of Service	1,419,723,032	248,155,475	1,667,878,507

Schedule XVII - Analysis of Billing – Associate Companies (Account 457)

1. For services rendered to associate companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Abstract Digital	4,226,227	591,553		4,817,780
2	AEP Appalachian Transmission Company, Inc.	2,851,751	646,163	(38,398)	3,459,516
3	AEP Clean Energy Resources LLC	1,360,761	271,373		1,632,134
4	AEP Coal, Inc.	246			246
5	AEP Credit, Inc.	483,761	43,113	(3,383)	523,491
6	AEP Energy Partners, Inc.	4,922,641	743,724	(46,912)	5,619,453
7	AEP Energy Service Gas Holding Company	11,693	2,718		14,411
8	AEP Energy Services, Inc.	335,361	77,334	(618)	412,077
9	AEP Energy Supply LLC	312,732	28,001	(2,369)	338,364
10	AEP Energy, Inc	3,362,286	655,641	(30,122)	3,987,805
11	AEP Generating Company	970,728	123,474	(7,880)	1,086,322
12	AEP Generation Resources	7,328,076	1,172,076	(41,727)	8,458,425
13	AEP Indiana Michigan Transmission Company, Inc.	65,107,776	10,616,107	(605,074)	75,118,809
14	AEP Investments, Inc.	(4,481,292)	9,331		(4,471,961)
15	AEP Kentucky Coal, LLC	10,818	766		11,584
16	AEP Kentucky Transmission Company, Inc.	2,703,647	518,020	(23,853)	3,197,814
17	AEP Nonutility Funding LLC	16,283	1,803	(175)	17,911
18	AEP Ohio Transmission Company, Inc.	92,465,799	21,909,681	(717,095)	113,658,385
19	AEP Oklahoma Transmission Company, Inc.	24,039,834	4,307,411	(189,998)	28,157,247
20	AEP OnSite Partners, LLC	2,152,852	260,410	(25,612)	2,387,650
21	AEP Pro Serv, Inc.	354,939	56,194	(3,062)	408,071
22	AEP Renewables, LLC	908,442	145,000	(6,628)	1,046,814
23	AEP Retail Energy Partners LLC	1,909	59	(68)	1,900
24	AEP Southwestern Transmission Company, Inc.	71,345	4,733	(1,865)	74,213
25	AEP T&D Services, LLC	442,825	95,183	(5,154)	532,854
26	AEP Texas Company	172,399,627	28,481,042	(1,465,977)	199,414,692
27	AEP Transmission Company, LLC	62,183	8,234	(989)	69,428
28	AEP Transmission Holding Company, LLC	599,773	56,086	(8,576)	647,283
29	AEP Utility Funding LLC	67,116	8,701	(744)	75,073
30	AEP Ventures, LLC	225,559	47,512	(1,230)	271,841
31	AEP West Virginia Transmission Company, Inc.	37,943,474	8,898,753	(309,071)	46,533,156
32	American Electric Power Company	11,101,609	1,814,689	(158,307)	12,757,991
33	Appalachian Power Company	250,399,012	46,393,015	(1,939,633)	294,852,394
34	Apple Blossom Wind, LLC	5,268	3,156		8,424
35	Auwahi Wind Energy, LLC	1,676	531		2,207
36	Black Oak Wind, LLC	23,865	5,191		29,056
37	Blackhawk Coal Company	13,215	1,943		15,158
38	Bold Transmission, LLC	127,912	9,007		136,919
39	Central Coal Company	588	274		862

Schedule XVII - Analysis of Billing – Associate Companies (Account 457) (continued)

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Conesville Coal Preparation Company	418	72		490
2	CSW Energy, Inc.	981,735	162,838	(6,035)	1,138,538
3	Desert Sky Wind Farm LLC	48,859	6,839		55,698
4	Dolet Hills Lignite Co, LLC	2,050,575	298,348	(11,472)	2,337,451
5	Electric Transmission TX, LLC	31,066,195	4,732,845	(248,854)	35,550,186
6	Flat Ridge 3 Wind Energy, LLC	301,723	36,995		338,718
7	Grid Assurance LLC	1,952,398	159,098		2,111,496
8	Indiana Michigan Power Company	188,660,635	22,833,053	(1,312,220)	210,181,468
9	Kentucky Power Company	59,802,812	11,107,341	(468,263)	70,441,890
10	Kingsport Power Company	6,751,552	1,541,048	(10,653)	8,281,947
11	Kyte Works, LLC	(37,443)	509		(36,934)
12	NMRD Data Center II, LLC	205	28		233
13	NMRD Data Center III, LLC	5			5
14	Ohio Franklin Realty, LLC	877,277	302,282		1,179,559
15	Ohio Power Company	196,198,478	38,233,984	(1,597,284)	232,835,178
16	Oxbow Lignite Company, LLC	70,011	6,152		76,163
17	Public Service Company of Oklahoma	98,469,473	15,495,184	(788,523)	113,176,134
18	RITELine Indiana, LLC	7,472	682	(120)	8,034
19	Sempra Renewables, LLC	1,384,011	224,031	(14,955)	1,593,087
20	Snowcap Coal Company, Inc.	12,159	1,194		13,353
21	Solar LLCs	101,306	12,559		113,865
22	Southwestern Electric Power Company	140,587,975	22,390,787	(1,181,767)	161,796,995
23	Transource Energy, LLC	2,631,661	300,727	(3,276)	2,929,112
24	Transource Maryland	763,204	50,275	1,024	814,503
25	Transource Missouri, LLC	2,621,916	308,698	(15,695)	2,914,919
26	Transource Pennsylvania	1,261,028	125,306	(22,849)	1,363,485
27	Transource West Virginia, LLC	730,079	107,240	(6,270)	831,049
28	Trent Wind Farm LLC	46,278	5,956		52,234
29	United Sciences Testing, Inc.	1,188,416	166,789	(9,540)	1,345,665
30	Wheeling Power Company	5,838,824	1,138,171	(37,966)	6,939,029
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40	Total	1,427,301,554	247,757,033	(11,369,238)	1,663,689,349

Schedule XVIII – Analysis of Billing – Non-Associate Companies (Account 458)

1. For services rendered to nonassociate companies (Account 458), list all of the nonassociate companies. In a footnote, describe the services rendered to each respective nonassociate company.

Line No.	Name of Non-associate Company (a)	Account 458.1 Direct Costs Charged (b)	Account 458.2 Indirect Costs Charged (c)	Account 458.3 Compensation For Use of Capital (d)	Account 458.4 Excess or Deficiency on Servicing Non-associate Utility Companies (e)	Total Amount Billed (f)
1	Indiana Kentucky Electric Co	1,002,086	105,408			1,107,494
2	Ohio Valley Electric Company	2,788,630	293,034			3,081,664
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40	Total	3,790,716	398,442			4,189,158

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
FOOTNOTE DATA			

Schedule Page: 308 Line No.: 1 Column: f

Indiana Kentucky Electric Corporation

The services provided to Indiana Kentucky Electric Corporation are primarily the result of labor, labor fringes and contract labor for Clifty Creek.

Schedule Page: 308 Line No.: 2 Column: f

Ohio Valley Electric Corporation

The services provided to Ohio Valley Electric Corporation are primarily the result of labor, labor fringes and contract labor for Kyger Creek.

Schedule XIX - Miscellaneous General Expenses - Account 930.2

1. Provide a listing of the amount included in Account 930.2, "Miscellaneous General Expenses" classifying such expenses according to their nature. Amounts less than \$50,000 may be grouped showing the number of items and the total for the group.

2. Payments and expenses permitted by Section 321 (b)(2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441(b)(2)) shall be separately classified.

Line No.	Title of Account (a)	Amount (b)
1	Salary, Salary related Expense and Overheads	5,153,136
2	Outside Professional Services	1,728,248
3	Membership Fees and Dues	2,298,888
4	Employee Expenses	213,181
5	Fleet Services	150,505
6	Materials and Supplies	218,080
7	Relative Accuracy Test Audits	114,302
8	Telephone & Communication Expense	33,900
9	Other - 4 Items	55,388
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40	Total	9,965,628

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
American Electric Power Service Corporation			
Schedule XX - Organization Chart			

1. Provide a graphical presentation of the relationships and inter relationships within the service company that identifies lines of authority and responsibility in the organization.

Chief Administrative Officer

Chief Administrative Officer Administration
Corporate Human Resources
Real Estate & Workplace Svcs

Chief Executive Officer

Audit Services
Chief Executive Officer Administration
Information Technology
Legal

Chief Financial Officer

Chief Financial Officer Administration
Corporate Accounting
Corporate Planning & Budgeting
Strategy & Transformation
Supply Chain & Fleet Operations
Treasury, Risk & Investor Relations

Energy Supply

Commercial Operations

External Affairs

Chief Customer Officer
Corporate Communications
External Affairs Administration
Federal Affairs
Regulatory Services
RTO/NERC Regulatory Services

Generation

Environmental Services
Fossil and Hydro Generation
Generation Administration
Generation Business Services
Generation Engineering and Technical Services - Engineering Services
Generation Engineering and Technical Services - Project and Construction
Regulated Commercial Operations

Transmission

Corporate Safety & Health
Transmission Administration
Transmission Grid Development
Transmission Field Services

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
Schedule XX - Organization Chart			

Transmission Ventures Strategy & Policy

Utilities

Utility Operations

Utility Performance Management

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year of Report 2020
Schedule XXI - Methods of Allocation			

1. Indicate the service department or function and the basis for allocation used when employees render services to more than one department or functional group. If a ratio, include the numerator and denominator.
2. Include any other allocation methods used to allocate costs.

Chief Administrative Officer

Service Department or Function	Basis of Allocation
Chief Administrative Officer Administration	8 Number of Electric Retail Customers 9 Number of Employees 17 Number of Purchase Orders 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 45 Level of Const-Production 58 Total Assets 60 AEPSC Bill less Indir and Int
Corporate Human Resources	5 Number of CIS Customers Mail 6 Number of Commercial Customers 8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 20 Number of Remittance Items 26 Number of Stores Transactions 27 Number of Telephones 28 Number of Trans Pole Miles 31 Number of Vehicles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 49 MWH's Generation 51 Past 3 Mo MMBTU's Burned (Tot) 52 Past 3 Mo MMBTU Burned (Coal) 53 Past 3 Mo MMBTU (Gas) 55 Past 3 MMBTU Burned (Solid) 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int

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	61 Total Fixed Assets
	63 Total Gross Utility Plant
	64 Member/Peak Load
	65 Hydro MW Generating Capability
	70 No Nonelectric OAR Invoices
	77 Power Transactn to All Markets
Real Estate & Workplace Svcs	5 Number of CIS Customers Mail
	6 Number of Commercial Customers
	8 Number of Electric Retail Customers
	9 Number of Employees
	11 Number of GL Transactions
	16 Number of Phone Center Calls
	17 Number of Purchase Orders
	20 Number of Remittance Items
	26 Number of Stores Transactions
	27 Number of Telephones
	28 Number of Trans Pole Miles
	31 Number of Vehicles
	32 Number of Vendor Invoice Pay
	33 Number of Workstations
	37 AEPSC Past 3 Months Total Bill
	39 100% to One Company
	40 Equal Share Ratio
	44 Level of Const-Distribution
	45 Level of Const-Production
	46 Level of Const-Transmission
	48 MW Generating Capability
	49 MWH's Generation
	51 Past 3 Mo MMBTU's Burned (Tot)
	52 Past 3 Mo MMBTU Burned (Coal)
	53 Past 3 Mo MMBTU (Gas)
	55 Past 3 MMBTU Burned (Solid)
	57 Tons of Fuel Acquired
	58 Total Assets
	60 AEPSC Bill less Indir and Int
	61 Total Fixed Assets
	63 Total Gross Utility Plant
	64 Member/Peak Load
	65 Hydro MW Generating Capability
	70 No Nonelectric OAR Invoices
	77 Power Transactn to All Markets

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Chief Executive Officer

Service Department or Function	Basis of Allocation
Audit Services	9 Number of Employees 11 Number of GL Transactions 17 Number of Purchase Orders 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
Chief Executive Officer Administration	8 Number of Electric Retail Customers 9 Number of Employees 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets
Information Technology	5 Number of CIS Customers Mail 6 Number of Commercial Customers 8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 20 Number of Remittance Items 26 Number of Stores Transactions 27 Number of Telephones 28 Number of Trans Pole Miles 31 Number of Vehicles 32 Number of Vendor Invoice Pay 33 Number of Workstations

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	<p>37 AEPSC Past 3 Months Total Bill</p> <p>39 100% to One Company</p> <p>40 Equal Share Ratio</p> <p>44 Level of Const-Distribution</p> <p>45 Level of Const-Production</p> <p>46 Level of Const-Transmission</p> <p>48 MW Generating Capability</p> <p>49 MWH's Generation</p> <p>51 Past 3 Mo MMBTU's Burned (Tot)</p> <p>52 Past 3 Mo MMBTU Burned (Coal)</p> <p>53 Past 3 Mo MMBTU (Gas)</p> <p>55 Past 3 MMBTU Burned (Solid)</p> <p>57 Tons of Fuel Acquired</p> <p>58 Total Assets</p> <p>60 AEPSC Bill less Indir and Int</p> <p>61 Total Fixed Assets</p> <p>63 Total Gross Utility Plant</p> <p>64 Member/Peak Load</p> <p>65 Hydro MW Generating Capability</p> <p>67 Number of Banking Transactions</p> <p>70 No Nonelectric OAR Invoices</p> <p>77 Power Transactn to All Markets</p>
Legal	<p>6 Number of Commercial Customers</p> <p>8 Number of Electric Retail Customers</p> <p>9 Number of Employees</p> <p>11 Number of GL Transactions</p> <p>16 Number of Phone Center Calls</p> <p>17 Number of Purchase Orders</p> <p>26 Number of Stores Transactions</p> <p>28 Number of Trans Pole Miles</p> <p>31 Number of Vehicles</p> <p>32 Number of Vendor Invoice Pay</p> <p>33 Number of Workstations</p> <p>37 AEPSC Past 3 Months Total Bill</p> <p>39 100% to One Company</p> <p>40 Equal Share Ratio</p> <p>44 Level of Const-Distribution</p> <p>45 Level of Const-Production</p> <p>46 Level of Const-Transmission</p> <p>48 MW Generating Capability</p> <p>49 MWH's Generation</p>

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- 51 Past 3 Mo MMBTU's Burned (Tot)
- 52 Past 3 Mo MMBTU Burned (Coal)
- 53 Past 3 Mo MMBTU (Gas)
- 57 Tons of Fuel Acquired
- 58 Total Assets
- 60 AEPSC Bill less Indir and Int
- 61 Total Fixed Assets
- 63 Total Gross Utility Plant
- 64 Member/Peak Load
- 65 Hydro MW Generating Capability
- 67 Number of Banking Transactions

Chief Financial Officer

Service Department or Function	Basis of Allocation
Chief Financial Officer Administration	<ul style="list-style-type: none"> 9 Number of Employees 11 Number of GL Transactions 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 58 Total Assets 60 AEPSC Bill less Indir and Int
Corporate Accounting	<ul style="list-style-type: none"> 5 Number of CIS Customers Mail 8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 17 Number of Purchase Orders 20 Number of Remittance Items 26 Number of Stores Transactions 28 Number of Trans Pole Miles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 48 MW Generating Capability 51 Past 3 Mo MMBTU's Burned (Tot) 55 Past 3 MMBTU Burned (Solid) 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant 64 Member/Peak Load

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	70 No Nonelectric OAR Invoices
Corporate Planning & Budgeting	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 51 Past 3 Mo MMBTU's Burned (Tot) 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 64 Member/Peak Load
Strategy & Transformation	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 31 Number of Vehicles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
Supply Chain & Fleet Operations	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 17 Number of Purchase Orders 26 Number of Stores Transactions 28 Number of Trans Pole Miles 31 Number of Vehicles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company

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	45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 51 Past 3 Mo MMBTU's Burned (Tot) 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
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Treasury, Risk & Investor Relations	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 20 Number of Remittance Items 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 48 MW Generating Capability 52 Past 3 Mo MMBTU Burned (Coal) 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 64 Member/Peak Load 67 Number of Banking Transactions
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Energy Supply	
Service Department or Function	Basis of Allocation

Commercial Operations	39 100% to One Company 48 MW Generating Capability 57 Tons of Fuel Acquired 64 Member/Peak Load
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External Affairs	
Service Department or Function	Basis of Allocation

Chief Customer Officer	5 Number of CIS Customers Mail 6 Number of Commercial Customers 8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 20 Number of Remittance Items
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	<ul style="list-style-type: none"> 28 Number of Trans Pole Miles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant 70 No Nonelectric OAR Invoices
Corporate Communications	<ul style="list-style-type: none"> 6 Number of Commercial Customers 8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 28 Number of Trans Pole Miles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant 70 No Nonelectric OAR Invoices
External Affairs Administration	<ul style="list-style-type: none"> 8 Number of Electric Retail Customers 9 Number of Employees 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 51 Past 3 Mo MMBTU's Burned (Tot) 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets
Federal Affairs	<ul style="list-style-type: none"> 28 Number of Trans Pole Miles 37 AEPSC Past 3 Months Total Bill

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	39 100% to One Company 58 Total Assets 60 AEPSC Bill less Indir and Int
Regulatory Services	8 Number of Electric Retail Customers 9 Number of Employees 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 48 MW Generating Capability 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 64 Member/Peak Load
RTO/NERC Regulatory Services	9 Number of Employees 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 46 Level of Const-Transmission 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
Generation	
Service Department or Function	Basis of Allocation
Environmental Services	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 51 Past 3 Mo MMBTU's Burned (Tot)

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	52 Past 3 Mo MMBTU Burned (Coal) 55 Past 3 MMBTU Burned (Solid) 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets
Fossil and Hydro Generation	9 Number of Employees 11 Number of GL Transactions 17 Number of Purchase Orders 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 45 Level of Const-Production 48 MW Generating Capability 49 MWH's Generation 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int 63 Total Gross Utility Plant 65 Hydro MW Generating Capability
Generation Administration	9 Number of Employees 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 45 Level of Const-Production 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
Generation Business Services	8 Number of Electric Retail Customers 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 45 Level of Const-Production 48 MW Generating Capability 52 Past 3 Mo MMBTU Burned (Coal) 58 Total Assets 60 AEPSC Bill less Indir and Int 63 Total Gross Utility Plant
Generation Engineering and Technical Services - Engineering Services	8 Number of Electric Retail Customers 9 Number of Employees

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	11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 49 MWH's Generation 51 Past 3 Mo MMBTU's Burned (Tot) 52 Past 3 Mo MMBTU Burned (Coal) 55 Past 3 MMBTU Burned (Solid) 57 Tons of Fuel Acquired 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant 64 Member/Peak Load 65 Hydro MW Generating Capability
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Generation Engineering and Technical Services - Project and Construction	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 31 Number of Vehicles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 49 MWH's Generation 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
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Regulated Commercial Operations	8 Number of Electric Retail Customers
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- 9 Number of Employees
- 11 Number of GL Transactions
- 32 Number of Vendor Invoice Pay
- 33 Number of Workstations
- 37 AEPSC Past 3 Months Total Bill
- 39 100% to One Company
- 45 Level of Const-Production
- 48 MW Generating Capability
- 49 MWH's Generation
- 51 Past 3 Mo MMBTU's Burned (Tot)
- 52 Past 3 Mo MMBTU Burned (Coal)
- 53 Past 3 Mo MMBTU (Gas)
- 55 Past 3 MMBTU Burned (Solid)
- 57 Tons of Fuel Acquired
- 58 Total Assets
- 60 AEPSC Bill less Indir and Int
- 61 Total Fixed Assets
- 63 Total Gross Utility Plant
- 64 Member/Peak Load
- 65 Hydro MW Generating Capability

Transmission

Service Department or Function	Basis of Allocation
Corporate Safety & Health	<ul style="list-style-type: none"> 9 Number of Employees 11 Number of GL Transactions 28 Number of Trans Pole Miles 31 Number of Vehicles 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int
Transmission Administration	<ul style="list-style-type: none"> 9 Number of Employees 28 Number of Trans Pole Miles 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 46 Level of Const-Transmission 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets

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Transmission Grid Development	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 17 Number of Purchase Orders 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
Transmission Field Services	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 28 Number of Trans Pole Miles 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant
Transmission Ventures Strategy&Policy	8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 28 Number of Trans Pole Miles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 40 Equal Share Ratio 45 Level of Const-Production 46 Level of Const-Transmission

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Utilities	
Service Department or Function	Basis of Allocation
	48 MW Generating Capability 53 Past 3 Mo MMBTU (Gas) 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets
Utility Operations	8 Number of Electric Retail Customers 9 Number of Employees 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 45 Level of Const-Production 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int
Utility Performance Management	6 Number of Commercial Customers 8 Number of Electric Retail Customers 9 Number of Employees 11 Number of GL Transactions 16 Number of Phone Center Calls 17 Number of Purchase Orders 26 Number of Stores Transactions 28 Number of Trans Pole Miles 31 Number of Vehicles 32 Number of Vendor Invoice Pay 33 Number of Workstations 37 AEPSC Past 3 Months Total Bill 39 100% to One Company 44 Level of Const-Distribution 46 Level of Const-Transmission 48 MW Generating Capability 58 Total Assets 60 AEPSC Bill less Indir and Int 61 Total Fixed Assets 63 Total Gross Utility Plant 67 Number of Banking Transactions 70 No Nonelectric OAR Invoices