

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 01:

Please provide copies of data requests submitted by any other interested parties related to the 2022 Updates and AEP's responses to any such data requests. Please provide this information on a continuing basis.

Response:

The responses to data requests from other parties will be provided to the Joint Intervenors.

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Data Request 02:

Please state whether AEP has identified any errors or items requiring correction in any of the 2022 Updates. If so, describe the error or correction and its effect on the relevant ATRR.

Response:

The Company has identified one error in the 2022 Updates as identified in JI 2-121. Correction of the error would result in an increase to the ATRR and the Company is not pursuing an adjustment.

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Data Request 03:

Please identify the nature and amount of any one-time expenses that were written-off to any transmission O&M account or A&G account of each of the OpCos and TransCos during 2021. In addition, please identify the FERC account numbers in which such write-offs were recorded. To the extent that any of the OpCos and TransCos wrote off any projects, please provide the following for each of the projects that were written off to cancelled projects:

- a. A detailed list of each project and the FERC Account where each was recorded.
- b. Date each project started.
- c. Date each project was cancelled.
- d. Identify any debt or equity AFUDC included in each project and its associated amount.
- e. The purpose of each project.
- f. Identify whether each project was customer initiated or by the OpCos or TransCos. If it was customer initiated, please identify the specific customer that initiated the project.

Response:

The Company objects to this question on the grounds that it is vague and unduly burdensome. All individual transactions are, by definition, discrete and therefore constitute one-time expenses as described in the question. Without waiving this objection, the Company states as follows: Please see JI-2-3 Attachment 1 for charges by account representing write-offs of activity from the 107 account and the projects that made up those charges. Because of the volume of information requested, the Company will provide the requested detail for a sample of projects to be selected by Joint Intervenors. The Company further notes each transaction may or may not be similar to other transactions recorded by the Company, and therefore cannot be appropriately distinguished as “one-time expenses” as described in the question.

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Data Request 04:

Please identify all projects that were written-off from Account 183 or Account 107 for each of the OpCos and TransCos during 2021. For each project identified, provide the FERC accounts debited to record the write-off, a description of the project written-off sufficient to justify the accounting for the cost, and the amount written-off.

Response:

See the Company's response to Date Request JI-2-3 for a discussion on write-offs from account 107. Regarding account 183, the Company generally does not use this account for Operating Company transmission business units or Transmission Companies. The activity that is recorded in this account for Transmission is not related to Preliminary Survey and Investigation Activity.

The balances shown in account 183 are associated with generation, and activity in the transmission BU's is minimal and cleared out in most months. See JI-2-4 Attachment 1 for the functional ledger balances of these accounts, which demonstrate the balances and activity associated with Generation Projects. This attachment also shows a summary of the balances for the AEP East Transmission Companies; for these Companies the balances are minimal as well.

The source of most Transmission activity in these accounts is the AEP Service Corporation billing process that clears charges to the Operating and Transmission Companies. These amounts, which are immaterial, are a function of this process and do not represent actual PS&I charges incurred on behalf of these business units; to remove them from this account they are expensed each month to account 566000 or 1861060 for the East Operating Companies, and 9230003 for the East Transmission Companies.

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Data Request 05:

For each OpCo and TransCo, in relation to “Goodwill,” please provide the following:

- a. Indicate whether “Goodwill” is reflected on the books of any of the OpCos or TransCos as of December 31, 2021. If so, please identify the relevant entity or entities, the transaction that generated the goodwill, and the balance sheet accounts used with the associated balance.
- b. Identify any goodwill adjustments or write-offs recorded to income statement accounts during 2021 related to goodwill recorded on the books of any OpCo, Transco, or other affiliate.
- c. Indicate whether any “Goodwill” or similar item of intangible value is reflected in any of the OpCo or TransCo capital structures as of December 31, 2021. If so, please identify the relevant entity or entities, the basis for the goodwill or other intangible value reflected, and the amounts reflected.

Response:

In regards to Goodwill:

- a. There is no goodwill recorded on the books of the OpCos or TransCos, as of December 31, 2021.
- b. There were no goodwill adjustments to the income statements identified during 2021 on any OpCo, TransCo or other affiliate.
- c. There was no goodwill included in any of the capital structures provided in the OpCo or TransCo formula rates.

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Data Request 06:

For each OpCo or TransCo, please identify any costs incurred in 2021 paid to an entity retained with a primary or secondary purpose of engaging with elected officials or persuading legislation that is recorded in operating expense accounts. For each cost identified, please provide:

- a. The name of the entity;
- b. A description of the cost sufficient to justify the accounting for the cost; and
- c. The amount incurred in 2021 and associated FERC account.

Response:

Lobbying expenses are recorded in account 426.4 for both Operating and Transmission Companies. These accounts are not recoverable in the formula rate.

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Data Request 07:

In relation to any 2021 expenses associated with remediation for any environmental or contamination recorded in administrative and general expense accounts or other accounts included in the formula rate, please provide a detailed list of expenses by FERC account, the nature of the contamination, assets involved, and remedial actions.

Response:

There were no expenses associated with remediation for environmental or contamination recorded to accounts used in the formula rate.

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Data Request 08:

For each OpCo and TransCo “Note Y” on tab TCOS states, “The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base.” For each OpCo and TransCo, please provide a detailed listing of the associated balances included in accounts 228.1, 228.2, 228.3, and 228.4 and identify the accounts separately. To the extent that AEP East does not consider an item a contingent liability, is irrelevant. The Joint Intervenors have a right to review the data and make its own determination to ensure this note is being applied appropriately.

Response:

Please see file JI-2-08 Attachment 1.

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Data Request 09:

For each OpCo, please list any grandfathered point-to-point contracts that is included in the load divisor and provide the associated amount of revenues in 2021 associated with those contracts.

Response:

The Company is not aware of any grandfathered point-to-point contracts.

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Data Request 10:

For each OpCo and TransCo, please list any rental revenues earned on General Plant.

Response:

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

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Data Request 11:

For each OpCo, please provide the specific references to the Excel cells used to compute the “Percentage of Plant” figures used to calculate the “Net Plant” for one of the state jurisdictions outlined in the tab entitled “Worksheet H Other Taxes.”

Response:

The worksheet used to compute the “Percentage of Plant” figures used to calculate the “Net Plant” is attached.

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Data Request 12:

Please identify all charitable donation expenditures incurred during 2021 and included in each OpCo and TransCo formula rate update. This identification should include, but not be limited to:

- a. Identification of the organization for which the expenditure or donation was made;
- b. Identification of each amount during 2021;
- c. Identification of the FERC Account where the expenditure or donation was recorded and identify the associated OpCo or TransCo that recorded the cost;
- d. Identification of all expenditures incurred in 2021 that would not have been incurred but for the charitable expenditure or donation, including the details on these expenditures requested in items a. through c. above; and
- e. If there were no charitable donation expenditures incurred during 2021 that have been included in any of the OpCo and/or TransCo formula rate updates, then please identify the FERC Account(s) where such expenses were booked and their associated amounts.

Response:

Please see JI-2-12 Attachment 1_Pivot Tab for the listing of each OPCO's and Transco's invoice payments in 2021 for the items listed in question 12. JI-2-12 Attachment 2_Non-AP Pivot tab shows all non-Accounts Payable corporate contributions of each OPCO and Transco, and the SCB Pivot tab shows detailed Service Corp activity billed to the OPCO's and Transco's related to corporate contributions.

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Data Request 13:

Please identify all expenditures for lobbying and other civic, political and related activities incurred during 2021 and included in each OpCo and TransCo formula rate update. This identification should include, but not be limited to:

- a. Identification of the organization for which the expenditure was made;
- b. Identification of each amount during 2021;
- c. Identification of the FERC Account where the donation was recorded and identify the associated OpCo or TransCo that recorded the cost;
- d. Identification of all related expenditures incurred in 2021 that would not have been incurred but for the expenditure for civic, political and lobbying activities, including the details on these expenditures requested in items a. through c. above; and
- e. If there were no lobbying and other civic, political and related activities expenditures incurred during 2021 that have been included in any of the OpCo and/or TransCo formula rate updates, then please identify the FERC Account(s) where such expenses were booked and their associated amounts.

Response:

Please see JI-2-13 Attachment 1_Acct 4264 Pivot Tab for the listing of each OpCo's and Transco's expenditures in 2021 for the items listed in question 13. SCB Acct 4264 Pivot tab shows more detail of the Service Corp activity billed to OpCo's and Transco's in the Civic and Political Activity Account 4264. SCB Pivot ABM 289 tab shows more detail of the Service Corp activity billed to OpCo's and Transco's related to lobbying.

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Data Request 14:

For each OpCo and Transco, please provide any accounting error detected after initial closing for the year end or quarterly reporting period during 2021 that were not corrected for FERC Form 1 reporting purposes and impact accounts used in the transmission formula rate. The response to this question should be inclusive of all items, whether considered material or not. In addition, the response should provide a description of the error, the change needed to correct the error, and the amount of the error.

Response:

Please refer to JI-2-14 Attachment 1.

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Data Request 15:

Please provide a list of the pension contributions (by fund and amount contributed), including the total dollar amount of such contributions, made by each OpCo and TransCo during 2021 and 2022 to-date.

Response:

The company did not make a contribution to the AEP Pension in 2021 or 2022.

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Data Request 16:

Please identify all FERC accounts used by each OpCo and TransCo to record pension expense, accruals, deferrals, or other balance sheet items in 2021. To the extent it is not already discussed in the responses provided, please explain the nature of the costs identified.

Response:

165 - Prepaid pension contains the cumulative balance of actuarially determined expense and company contributions. This balance is offset with a contra prepaid, so the reported 165 balance is \$0.

1823 - This regulatory asset account contains the obligation related to the Pension balance as determined by the Companies' actuarial service.

129 - This special fund account contains the over-funded portion of the plan. This is determined by comparing the actuarially determined obligation with the assets in the trust.

228.3 - This accumulated provision for pensions and benefits account contains the under-funded portion of the plan. This is determined by comparing the actuarially determined obligation with the assets in the trust.

926 - Pension expense is calculated by the Companies' actuarial service and recorded to 926 accounts for service and non-service costs.

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Data Request 17:

State whether AEP incurred or paid any monetary penalties for violations of NERC Reliability Standards during 2021. If so, please respond to the following:

- a. The amount of the penalties;
- b. The FERC accounts where such penalties were recorded;
- c. The nature of the alleged violation that gave rise to the penalty; and
- d. The amount of the penalties included in each OpCo and/or TransCo formula rate updates

In responding to this request, please use the same response format as AEP used in answering the Joint Intervenor's data requests concerning the updates posted in May 2021.

Response:

- a. In May 2021, the Company paid a monetary penalty as a result of the Commission's Notice issued on March 26, 2021, by which the Commission decided not to engage in further review of NERC's Notice of Penalty Regarding AEP, FERC Docket No. NP21-8-000, Filed February 25, 2021 (the "Notice of Penalty"). NERC's Notice of Penalty approved the Settlement Agreement between the Regions and the Company, dated October 5, 2020, by which the Company agreed to the \$1,200,000.00 monetary penalty related to transmission. This amount represents a total for both AEP PJM and SPP member companies.
- b. The \$1.2M Transmission portion of the liability was accrued in account 2530190 prior to 12/31/2019. The portion of the transmission expense account used was 4263003.
- c. Account 4263003 is not a recoverable account in the formulas. Therefore, the Company is not going to divulge the nature of the penalty, as the costs are being born by shareholders.
- d. For the AEP Companies in PJM, the amount of the penalties by company is:
 - o APCO 96,129.37
 - o I&M 72,909.82
 - o KNGSPRT 971.49
 - o KPCO 23,755.77
 - o OPCO 137,577.43
 - o WPCO 3,719.09
 - o Total 335,062.97

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Data Request 18:

In reference to the North American Electric Reliability Corporation Notice of Penalty re: American Electric Power Service Corporation, Docket No. NP22-4-000, dated November 30, 2021, this document references a penalty in the amount of \$570,000. Please state whether the American Electric Power Service Corporation, allocated any portion of the penalty to the AEP East OpCos and TransCos. If so, please identify the FERC accounts and amounts associated with each AEP East OpCo and TransCo.

Response:

The \$570,000 North American Electric Reliability Corporation (NERC) penalty payment was allocated among the AEP East and West Transmission companies, Transco's and Generation companies. The penalty was accrued in 2019 and recorded on the Transmission companies to account 4263003. In 2021, the accrual was reallocated to include the Transco's. See JI-2-18 Attachment 1 for the portion allocated to the East Transmission companies and Transco's.

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Data Request 19:

For each of the violations listed below for 2021, please identify:

- (i) The amount of penalties and settlement amounts billed to and paid by any OpCo or TransCo from AEP, any subsidiary or affiliate.
- (ii) The FERC accounts that the penalties and settlement amounts were recorded in by OpCo and TransCo;
- (iii) The amount of any penalties and settlement amounts and related income tax effects included in the proposed transmission revenue requirement by OpCo and TransCo;
- (iv) The amount of any internal or external costs (e.g., administrative, legal) incurred directly or indirectly by and related income tax effects for these proceedings that were included in the revenue transmission requirement by OpCo and TransCo.
 - a. AEP 2021 penalty amount of \$12,432 for an OSHA violation.^{1[1]}
 - b. 2021 Penalty in the Amount of \$18,547 for an APCO environmental violation issued by the State Air Pollution Control Board related to Clinch River Plant.^{2[2]}

^[1] https://www.osha.gov/pls/imis/establishment.inspection_detail?id=1561196.015

^[2] <https://www.deq.virginia.gov/home/showpublisheddocument/12753/637741212007470000>

Response:

- a. (i-iv) \$12,432, paid by AEP Texas, therefore not applicable and not included in the PTRR.
- b. APCO environmental violation issued by the State Air Pollution Control Board related to Clinch River Plant:
 - (i) \$18,547.20 paid by APCo
 - (ii) FERC Acct 506 - APCo-Generation
 - (iii) \$0
 - (iv) \$0

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Data Request 20:

In reference to the Prepaid Pension Benefit included in the 12/31/2021 balance for each of the AEP East OpCos shown on the “WS-C – Working Capital” tab for each company, please provide the following:

- a. Calculations of or the derivation of the Prepaid Pension Benefit.
- b. Identify any employee contributions included in the Prepaid Pension Benefit calculation.
- c. A detailed description of what this amount represents and the basis to record it to Account 165 – Prepayments.
- d. State whether these amounts are recorded in trust accounts.
- e. Provide the name(s) of the business or regulatory authority these prepayments were made to and their associated amounts.

Response:

- a. For each operating company, the Prepaid Pension Benefit (account 1650010) represents the cash contributions into the Qualified Pension Trust, net of the actuarially determined pension expense.
- b. Employees do not contribute to the AEP Pension plan.
- c. See the response for part a. The Company continues to follow the FAS 87 accounting standard.
- d. The pension contribution and benefits paid are processed through a trust at Bank of New York Mellon.
- e. Operating company balances at 12/31/21:

APCO	\$140,837,217
I&M	\$68,466,548
KGPCO	\$3,933,327
KPCO	\$42,544,931
OPCO	\$172,412,282
WPCO	\$6,551,362

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Data Request 21:

Please provide a copy of each qualified pension plan for each OpCo and TransCo that is being requested for recovery as a prepaid Pension Asset or an accrued Pension Cost in rate base in the 2021 True-Up calculation. In addition, please provide copies of any related amendments to such plans in 2021.

Response:

The Companies object to this request on the grounds that it is not reasonably calculated to lead to admissible evidence. Without waiving this objection, the Companies state as follows: Please refer to the Companies' response to Request No. 20. The Companies have provided the amount and basis for recovery in the Companies' revenue requirement for the review period. The requested information therefore is not relevant to determine that the amount indicated is appropriately calculated.

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Data Request 22:

Please provide a copy of each non-qualified pension plan for each OpCo and TransCo that is being requested for recovery as a prepaid Pension Asset or an accrued Pension Cost in rate base in the 2021 True-Up calculation. In addition, please provide copies of any related amendments to such plans in 2021.

Response:

The Companies object to this request on the grounds that it is not reasonably calculated to lead to admissible evidence. Without waiving this objection, the Companies state as follows: Please refer to the Companies' response to Request No. 20. The Companies have provided the amount and basis for recovery in the Companies' revenue requirement for the review period. The requested information therefore is not relevant to determine that the amount indicated is appropriately calculated.

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Data Request 23:

State whether, in the 2020-2021 timeframe, AEP implemented any changes in its accounting guidelines or procedures for any OpCo or TransCo that affected the manner in which costs or revenues reflected in that OpCo or TransCo's ATRR calculations are recorded. If so, describe each such change, specify the reason for the change, and quantify the impact of the change on the relevant ATRR.

Response:

There were no changes in accounting guidelines or procedures for the OpCo's or TransCo's that affected the manner of recordation of costs or revenues.

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Data Request 24:

Please provide a copy of the most recent audit report of each OpCo and TransCo conducted by or on behalf of:

- a. FERC;
- b. Any state regulatory commission;
- c. Internal audit covering items included in the ATRR; and
- d. Any other entity with authority to conduct such audits.

Please provide all correspondence and other documentation related to any such audit commenced but not yet completed, including any audit commenced at any point during the review period applicable to the 2022 Updates.

Response:

The Company has engaged Price Waterhouse Coopers to audit the OpCo and TransCo GAAP financial statements for inclusion in the Companies' SEC Form 10-K and the FERC financial statements for inclusion in the FERC Form 1. These opinions can be found in the financial statements and regulatory reports posted on AEP.com.

- a. N/A
- b. N/A
- c. In 2021 and 2022 there were internal audits covering Transmission Formula Rate Billings and Transco Operations and Accounting processes. These audit reports are confidential and will be made available for inspection under a confidentiality agreement.
- d. Other than the above-mentioned audits/reviews, there were no other audits performed by a regulatory agency of the east OpCos and/or TransCos in 2021.

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Data Request 25:

Please provide information identifying, by account, any costs reflected in the 2021 ATRR calculation for any OpCo or TransCo that were incurred, or the basis for which occurred, before January 1, 2021. Explain the reasons for including such prior-period costs in the 2021 ATRR calculations. If any such cost items instead were recorded in a deferred asset account (*e.g.*, Account 186) or other FERC account used to reflect costs awaiting future recovery, please provide a table describing each such item and specifying the amount of each such item, the account where the item was recorded, and when recovery of the deferred item will begin.

Response:

Please refer to JI-2-25 Attachment 1.

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Data Request 26:

Please verify whether any Operations and Maintenance (“O&M”) expenses were transferred or allocated from an OpCo to a TransCo. If yes, please provide the following:

- a. A detailed list of the expenses that were transferred and their associated amounts transferred to a TransCo by FERC account; and
- b. A description of the allocation methodology used to transfer the expenses from the OpCo to the TransCo.

Response:

The companies do not transfer costs among affiliates; however, AEP affiliates provide service to other AEP affiliates as a normal course of business. The companies use a work order system to ensure that services provided by one business unit that benefit other business units are properly billed to the entities benefitting from that service. AEPSC is the primary service provider to the TransCos. However, since the TransCos do not have employees, they also rely on other affiliates or third-party vendors to provide necessary services. All services provided to affiliates are billed at cost. Labor charges billed between the affiliates represent the fully loaded cost of labor, inclusive of benefits and administrative costs. Please refer to JI-2-26 Attachment 1 for the requested information.

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Data Request 27:

Please provide a discussion of any amended Federal income tax returns filed during 2021 that impact the income tax positions for any OpCo or Transco. The discussion should identify the specific items of income and deductions changed, the amount by which the items changed, the reason for the income tax amendment, the tax years being amended, and book accounting journal entries reflecting the amendments to the tax return. In AEP's response, please clarify for any accounting support which entity it relates and identify any FERC accounts effected.

Response:

No amended federal income tax returns were filed during 2021.

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Data Request 28:

For each OpCo and TransCo, please identify any components of Asset Retirement Obligations (ARO) costs included in the transmission formula rate. For purposes of this question, ARO costs include the following components: ARO asset, ARO accumulated depreciation, ARO liability, ARO depreciation and accretion expense, and ARO related deferred income taxes. In response, please provide by entity and by ARO category, the amount of ARO cost included in the 2022 formula rate update.

Response:

Please see JI-2-28 Attachment 1 for the ARO Costs. The ARO costs not associated with tax can be found on WS A - RB support for all operating companies, although ARO costs are not included in the formula. There are no ARO costs associated with the Transcos.

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Data Request 29:

For each OpCo and TransCo, please identify any components of Asset Retirement Obligations (ARO) costs included in the transmission formula rate. For purposes of this question, ARO costs include the following components: ARO asset, ARO accumulated depreciation, ARO liability, ARO depreciation and accretion expense, and ARO related deferred income taxes. In response, please provide by entity and by ARO category, the amount of ARO cost included in the 2022 formula rate update.

Response:

Please see the response to JI-2-28.

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Set JI-2 of Data Requests**

Data Request 30:

For each OpCo or TransCo, please identify all electric storage battery projects included in rate base of the transmission formula rate. For each identified electric storage battery project, please provide the functional FERC plant account within the formula rate such amounts are included in and the docket number to any FERC proceeding supporting that the storage project supports a transmission classification.

Response:

Please refer to JI-2-30 Attachment 1_SEND for response.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 31:

For each OpCo and TransCo, please identify the FERC account(s) and associated amounts where depreciation expense from AEPSC is recorded.

Response:

Please refer to JI-2-31 Attachment 1 for FERC accounts and amounts that each OpCo and TransCo were billed by AEPSC for depreciation expense.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 32:

In reference to construction projects under construction in 2020 and placed into service in 2021, for each OpCo and TransCo, please:

- a. Quantify the amount of pension expense capitalized to construction projects in 2020; and
- b. Quantify the amount of pension contributions made to external trusts in 2020.

Response:

- a. The capital portion of the pension expense is calculated based on payroll being recorded to capital projects. The amount of Pension expense offset to Capital cannot be quantified exactly because this is based on multiple benefit expense accounts and labor for each month. The annual average Capital / O&M rates are provided in JI-2-32_Attachment 1 along with the annual expense as provided by Willis Towers Watson.
- b. 2020 Pension Contribution:

Appalachian Power Company	\$6,984,000
Indiana Michigan Power Company	\$6,431,000
Kingsport Power Company	\$ 388,000
Kentucky Power Company	\$2,775,000
Ohio Power Company	\$ 90,000
Wheeling Power Company	\$ 0

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 33:

With regard to the amounts recorded in Account 403-403.1 (Depreciation Expense) and Account 404-405 (Amortization Expense) in the Q4 -2021 Form 60 of the Centralized Service Companies:

- a. Please provide the complete calculation of the reported amounts for depreciation expense and amortization expense for 2021 on the most detailed account basis available (i.e. by FERC account if applicable). If a pre-determined depreciation rate was applied to service company balances, provide the basis and source of the rate.
- b. To the extent that the calculations provided in response to part a. of this request incorporate a service life or amortization period, please provide all support for how these lives and amortization periods were determined. To the extent that life analysis was conducted, please provide all workpapers related to the study, including the data underlying the life study.
- c. To the extent that the calculations provided in response to subpart a. of this request incorporate a component of future net salvage, please provide all support for how this future net salvage was determined. To the extent that a net salvage analysis was conducted, please provide all workpapers related to the analysis, including the data underlying the net salvage analysis.

Response:

- a. Please see JI-2-33 Attachment 1.xlsx for the requested information.
- b. Each depreciation group shown in JI-2-33 Attachment 1.xlsx has its own depreciable life based on the assets or group of assets depreciable life. Depreciation groups for owned assets have an assigned depreciation rate. Depreciation groups for leasehold improvements use an end-of-life method of depreciation/amortization which ensures that the improvements are fully depreciated/amortized at the end of each lease term.
- c. None of the groups shown in JI-2-33 Attachment 1.xlsx include a component for future net salvage.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 34:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

In relation to Right of Ways (“ROW”), please provide the following:

- a. For any ROW being utilized by a distribution line and/or a circuit that has been upgraded or converted to a new transmission line, please identify whether the cost of the ROW is recorded to a distribution or transmission account. In addition, please identify where vegetation management expenses related to clearing the ROW is being recorded (i.e., transmission, distribution function, etc.).
- b. State whether any OpCo or TransCo received any revenues from payments made by others for ROW use from or for utility pipelines. If so, provide a detailed breakdown of such payments and reconcile those amounts to 2021 FERC Form 1s and to the revenue credits included in the 2021 true-up for each OpCo or TransCo.

Response:

- a. ROW and Vegetation Management costs associated with Transmission lines are recorded to transmission accounts, regardless of whether the transmission facilities are located and use in whole or part any distribution ROW.
- b. There was one payment made to an Operating Company for ROW use. As shown in JI-2-34 Attachment 1, this item was for a payment on non-transmission plant and therefore is not a revenue credit to the formula rate of the receiving company.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 35:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please provide the following related to spares with voltages between 34kV and 755 kV:

- a. Amounts spent on spares by FERC account.
- b. Number of spares purchased in 2021.
- c. Number of spares retired and/or scrapped.
- d. Number of spares placed into service in 2021 and the reason they were required. For anything that was replaced, please provide details of the age and condition.
- e. Identify any spares that were transferred between OpCos and TransCos and their associated amounts by FERC account.

Response:

- a. The amount spent on spares in the east was \$9,088,977. This was booked in account 353.
- b. The total number purchased in the east was 15.
- c. The total number retired/scrapped in the east was 8.
- d. The total number placed in service in the east was 10. These spares were used for replacements of units that failed while in service.
- e. There were no transfers between Opcos and Transcos.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 36:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

In relation to fiber buildout for “Smart Grid,” as defined by AEP on its website <https://www.aepsustainability.com/energy/reliability/>, please provide the following:

- a. A detailed tabulation, including associated amounts, by FERC account of where these expenses are recorded.
- b. How are the expenses determined to be distribution or transmission? What methodologies are used? Please provide an electronic copy of the most recent study performed to support the allocation methodology used to determine the allocation of expenses to distribution or transmission.
- c. What amount of bandwidth is being used to transfer data to transmission control centers versus distribution control centers?

Response:

- a. Please see JI-1-032 Attachment 1 for fiber optic investments made by AEP's transmission subsidiaries in the PJM region related to Smart Grid fiber optic cable.
- b.-c. The fiber optic cable to support Transmission is a Transmission asset. At the beginning of the program, a bandwidth review or analysis, was conducted and the asset was split 95/5 Transmission/Distribution based upon current circuit usage as measured on the AEP System fiber support backbone. AEP’s transmission and distribution control centers have multiple groups within each facility, making it impossible to distinctly define who is utilizing how much of the aggregated bandwidth at any specific location. AEP uses Quality of Service (QoS) to make sure critical traffic gets first priority. Other facility users’ usage will vary depending upon their current requirements and daily usage. The review, or analysis, was conducted in the context of forward-looking estimates of future needed infrastructure and associated estimated cost. The Companies further note that the actual incurred costs associated with this program relate to telecommunication networks necessary for the operation and deployment of the applications and technologies that are required between transmission stations and from transmission stations back to company facilities such as service centers, operations centers, and general office buildings. The fiber cable is being classified as a transmission asset because it is used to control and operate equipment installed on the transmission grid. The actual costs reflected in the transmission revenue requirement for the Companies does not include the approximately 5% capital costs associated with distribution functions and are not based on the estimate calculations provided in JI-1-36 Attachment 1, but rather on actual costs recorded in the Companies' books associated with either distribution or transmission functions, as applicable.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 37:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

In relation to any costs associated with remediation for any environmental or contamination related to any function, please provide a detailed list of expenses by FERC account and the nature of the contamination.

Response:

Please see the response to JI-2-7.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 38:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please provide the following for each 34kV facility in an Excel format with the following columns:

- a. Name of each facility.
- b. Verify whether the transmission control room or distribution control room is operating the facility.
- c. Identify the associated labor cost associated with these facilities by FERC account.

Response:

- a. Please see JI-2-38 Attachment 1 for a list of transmission line facilities and Attachment JI-2-38 Attachment 2 for the substation facilities.
- b. The distribution dispatch center operates the majority of the facilities listed in Attachment 1 and 2 with few exceptions.
- c. The labor costs associated with these facilities are not separately identified for these assets.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 39:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please identify the following related to major destructive events (*i.e.*, storms, fires, etc.) in 2021:

- a. The FERC Account(s) and corresponding amounts that were recorded related to restoration costs incurred for repair work.
- b. Any pending insurance claims and the amounts associated with anticipated reimbursements from these claims.
- c. The FERC Account(s) where the reimbursements in (b) above will be recorded.
- d. Verify whether OpCo and TransCo self-insures for property insurance by setting aside reserves. If so, please identify what FERC Account these reserves are held.
- e. Identify any instances where AEP did not seek insurance recovery of costs covered by insurance policies, provide the expense account used to record restoration costs, and the reasoning for not making an insurance claim.

Response:

There was an ice storm in February 2021 that caused significant damage to APCO and KPCo's transmission assets.

- a. The storm expenses were incurred in account 571 and deferred for APCo (\$1,487,483) and KPCO (\$2,638,088).
- b-e. The Companies do not maintain insurance for lines, poles and towers outside 1,000 feet from our facilities. Additionally, the Companies do not set aside reserves for property insurance.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 40:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please identify and quantify any extraordinary Transmission O&M expenses for 2021 included in the 2021 True-Up calculation for each OpCo and TransCo.

Response:

Please refer to JI-2-40 Attachment 1 for detailed listing of expenses, recorded in Transmission O&M accounts for 2021, that are outside the normal recurring transactions recorded for each OpCo and TransCo.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 41:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each of the following OpCos and TransCos, please provide (i) an explanation as to why there are no amounts or very minor amounts recorded to Accounts 182.2 – Unrecovered Plant and Regulatory Study Costs and 183 –Preliminary Survey and Investigation Charges as shown on each respective 2021 FERC Form 1, Page 110-111 and (ii) identify where these types of costs are recorded by FERC account and associated amount for each OpCo and TransCo.

- a. OPCo in the amount of \$71
- b. WPCo in the amount of \$3
- c. AP TransCo in the amount of \$0
- d. IM TransCo in the amount of \$0
- e. KY TransCo in the amount of \$0
- f. OH TransCo in the amount of \$0
- g. WV TransCo in the amount of \$0

Response:

Plases see the Company's response to JI-2-4.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 42:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please provide a detailed breakdown and description of the items (Excel format) by project underlying the amount shown as additions to Account 303 – Miscellaneous Intangible Plant, as reported on the following OpCos and TransCos FERC Form 1, Pages 204-207, Line 4, Column (c) separately for:

- a. APCo in the amount of \$45,456,779
- b. I&M in the amount of \$122,708,740
- c. KPCo in the amount of \$11,006,157
- d. KgPCo in the amount of \$1,448,715
- e. OPCo in the amount of \$52,577,700
- f. WPCo in the amount of \$1,361,461
- g. AP TransCo in the amount of \$255,560
- h. IM TransCo in the amount of \$7,147,267
- i. KY TransCo in the amount of \$344,930
- j. OH TransCo in the amount of \$10,850,670
- k. WV TransCo in the amount of \$4,387,563

Response:

Please see JI-2-42 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 43:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, please provide a list of any capitalized software project not recorded in Account 303, Miscellaneous Intangible Plant. For each item listed provide a description of the capitalized software project, indicate the asset supported by the software, the 300 series FERC account used to record the software, and gross book value of the asset for 2021.

Response:

The Companies capitalized software costs are included in Account 303, Miscellaneous Intangible Plant. No capitalized software costs are included in other accounts.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 44:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, please provide a list of all capitalized software projects recorded in FERC Account 303. For each capitalized software project listed, provide:

- a. A description of the capitalized software project.
- b. The 500 and 900 series FERC account(s) used to record operating and maintenance expenses incurred on the software system in 2021.
- c. The primary function(s) served by the software: general and administrative, production, distribution, or transmission.

Response:

- a. Please see JI-2-44 Attachment 1 for response.
- b. Software system maintenance is primarily recorded to FERC 9350. However, additional operational and maintenance FERC Accounts such as 5000, 5060, 5120, 5140, 5570, 5600, 5660, 5692, 5800, 5880, and 9230 may also have charges.
- c. Account 303, or Capitalized Software, is typically allocated to each of the AEP legal entity's general ledger Business Units from AEP Service Corporation (AEPSC). Just like other AEPSC costs, the allocation of Capitalized Software is driven by the work order selected to capture the costs at AEPSC. The work order will determine the functional Business Units that incur the costs of this software.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 45:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please identify all expenses that were recorded in Transmission O&M or A&G Expense accounts in 2021 that were incurred prior to 2021 and recorded in other O&M expense accounts and state the basis for the change in expense reporting.

Response:

Please see attachment JI-2-45.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 46:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please identify (by FERC Account and amount) all costs included in Transmission, Intangible or General Plant accounts in the 2021 true-up that, prior to 2021, were not recorded to Transmission, Intangible or General Plant accounts. State the reasons for the change in accounting for such costs.

Response:

Please see JI-2-46 Attachment 1 for response.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 47:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, please explain the derivation of the “Percentage of Plant” figures used to calculate the “Net Plant” in each state jurisdiction as outlined in the tab entitled “Worksheet H Other Taxes.”

Response:

The functional percent splits found on "Worksheet H Other Taxes" are derived using the taxable property balances by company, state and utility function obtained from the Property Tax ledger. The ledger is based on actual balance sheet account data, as recorded by Property Accounts, and as reported on the tax returns. The ledger balances are tied to each company's balance sheet for GL accounts 101000x and 106000x. The functional percent splits by company and state are calculated by dividing each state's portion within the function (distr, trans, prod, general) by the overall taxable function balance.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
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**Responses to JOINT
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Data Request 48:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

In reference to the AEP/Liberty transaction as discussed on KPCo's 2021 FERC Form 1, Page 122 – 123 – Note to the Financial Statements, Section 1 – Disposition of KPCo and KTCO, please provide the following:

- a. Identify the date/timeframe in which AEP began contemplating a merger with Liberty Utilities Co.
- b. Identify the date AEP signed a merger/transaction agreement with Liberty.
- c. Clarify whether AEP deems merger costs to only be those incurred after the Merger/Transaction Agreement.
- d. State whether AEP kept track of cost to achieve the merger prior to the date in subpart b. above.
- e. A detailed listing by FERC account(s) and associated amounts in 2021 whereby AEP performed due diligence to assess the merger with Liberty Utilities Co. (i.e. consulting services, attorneys, executive and employee labor, administrative and general expenses, taxes, benefits, severance, employee bonuses, executive rewards/compensation etc.).
- f. To the extent that AEP contemplated the transaction with Liberty prior to 2021, please provide the data in subpart e. for all previous years.
- g. Copies of AEP's internal controls and procedures (e.g. memorandums, timekeeping guidance etc.) to track costs to achieve the merger/transaction.

Response:

- a. The company began a strategic review of its Kentucky assets in April 2021.
- b. October 26, 2021
- c. The Stock Purchase Agreement (SPA) defined transaction costs to include: means all fees, costs and expenses, solely to the extent that any Acquired Company has or will have any Liability in respect thereof, in each case, to the extent (a) incurred or payable in connection with the negotiation, preparation and execution of this Agreement and the Ancillary Agreements or the consummation of the transactions contemplated hereby or thereby on or prior to Closing and (b) not paid prior to the Reference Time, including, for the avoidance of doubt, (i) amounts payable to legal counsel, accountants, advisors, investment banks, brokers and other Persons advising any Seller or the Acquired Companies in connection with the transactions contemplated hereby or by any Ancillary Agreement, (ii) all bonuses and change in control payments payable in connection with the execution of this Agreement or any Ancillary Agreement or the consummation of the transactions contemplated hereby or by any Ancillary Agreement and (iii) the amount of the employer portion of any payroll, social security, Medicare, unemployment or similar or related Taxes payable with respect to the amounts set forth in the immediately preceding clause (ii). Liberty also stated: In terms of

“costs-to-achieve” the Transaction, those costs more closely align with “Transaction Costs” as defined below:

1. Transaction Costs - internal and external costs of due diligence, legal and other professional support to evaluate and execute the transaction, and carry out the requisite regulatory approvals; and
2. Transition Costs - costs to enable the handover of operational control from the buyer to the seller. This category is further separated into:
 - i. One-time Transition Costs - costs of staff required to work on the transitioning of the business from AEP to Liberty, (IT support and external services between agreement to the sale and closing; and
 - ii. Long-lived Transition Costs - capital investments to enable day-to-day operations continuity, particularly where sellers retain some or all of the pre-existing systems.
- d. Corporate Accounting setup two workorders to capture the cost associated with the Kentucky Sales Transaction and the Kentucky Sale Regulatory Filings.
- e. Not Applicable. All costs were recorded to the parent company and not reflected in the transmission formula rate update.
- f. Please see the response to e.
- g. Corporate Accounting distributed the workorders to legal, regulatory services, Kentucky regulatory leadership and accounting. Recipients were instructed to share these workorders with individuals working on the associated regulatory filings and the Kentucky Sales transaction

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 49:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, please identify and provide a detailed breakdown of any Real Estate and Personal Property Taxes which are included in the 2021 FERC Form 1, Pages 114-117, Line 14, Column (c) that were incurred and booked for any generating unit that was retired during 2021.

Response:

No generating units were retired during 2021 for the OpCos; therefore; there are no associated property taxes to report.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 50:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, refer to the 2021 FERC Form 1, Pages 204-207 Line 46, Column (d), please provide a detailed tabulation by retired unit/plant and their associated retirement amounts related to each generation unit/plant.

Response:

There were no generating units/plants retired during 2021.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 51:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, please provide an explanation and a detailed tabulation of how the accumulated depreciation, as shown in the 2021 FERC Form 1, Page 219, Lines 20-24, Column (b) was adjusted for each generating unit/plant retired during 2021.

Response:

There were no generating units/plants retired during 2021.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 52:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo, please verify whether or not Real Estate and Personal Property Taxes continue to be incurred at property locations where generating units or plants were retired during 2021, and if so will these taxes continue to be incurred at the same level after the retirement?

Response:

No generating units were retired during 2021 for the OpCos; therefore; there are no property taxes to be incurred post-retirement.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 53:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each TransCo, “WS O” tab, Cell D16, please provide a detailed description of what the manual adjustment of \$758,502 represents and any supporting documentation for this amount.

Response:

The adjustment comes from the last page of the WillisTowers Watson UMWA Report which is attached as JI-2-53 Attachment 1.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 54:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide a 5-year projection of PBOP expenses for 2022 – 2026.

Response:

The 2022 values are actual expense and the values for 2023 through 2026 are forecasted expense.

Appalachian Power Company

2022	\$3,985,502
2023	\$2,957,000
2024	\$(274,000)
2025	\$(1,342,000)
2026	\$(322,000)

Indiana Michigan Power Company

2022	\$7,663,286
2023	\$8,238,000
2024	\$5,247,000
2025	\$4,319,000
2026	\$5,605,000

Kingsport Power Company

2022	\$259,950
2023	\$193,000
2024	\$105,000
2025	\$79,000
2026	\$113,000

Kentucky Power Company

2022	\$848,110
2023	\$(2,992,000)
2024	\$(4,230,000)
2025	\$(4,777,000)
2026	\$(4,705,000)

Ohio Power Company

2022	\$5,093,720
2023	\$4,201,000
2024	\$1,899,000
2025	\$1,116,000
2026	\$2,020,000

Wheeling Power Company

2022	\$13,189
2023	\$1,000
2024	\$(76,000)
2025	\$(107,000)
2026	\$(87,000)

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 55:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, reference FERC Form 1 page 429, for all Non-power Goods or Services Provided by Affiliate, for each intercompany billing between AEP affiliates and from AEP Service Company (“AEPSC”), please provide the following:

- a. A detailed breakout of costs (Excel format), including associates amounts and the cost center where each cost originated, that were allocated or directly charged to each OpCo and TransCo by FERC Account. For any amounts allocated to an OpCo or TransCo, please provide the detailed AEPSC journal entries (Excel format) prior to the allocation to each OpCo and TransCo. For example, please include similar columns with the following types of data (FERC Account Num CMD, Account ID, Account Long Descr, Oper Unit ID, Resp Center ID, Resource Type ID, Process ID, Project ID, Product ID, Journal ID, Business Unit, JD Journal Descr, JD Journal Line Descr, JD Operator ID JD, Vendor Name, Voucher ID JD, Accounting Period CMD, Fiscal Year CMD, Amount, Percentage of Amount allocated to each OpCo/TransCo, OpCo/TransCo Amount) for any account included in the formula.
- b. An electronic copy of the manual detailing the methodology used to support intercompany billing in respective of services rendered between AEP affiliates applicable during 2021.

Response:

- a. Please see JI-2-55 Attachment 1 AEPSC for detail of AEPSC billings to each OpCo and TransCo for the year 2021. Due to the voluminous amount of detail requested, it was not possible to combine all fields requested on one spreadsheet tab, so the attachment is broken up into several tabs to present many of the fields requested.

Please see JI-2-55 Attachment 2 Intercompany for detail of Intercompany billings to each OPco and Transco for the year 2021. Due to the voluminous amount of detail requested, it was not possible to combine all fields requested on one spreadsheet tab, so the attachment is broken up into several tabs to present many of the fields requested.

- b. Please see JI-2-55 Attachment 3 Master Cam Document-12-31-21.pdf

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 56:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, refer to the 2021 FERC Form 1, Pages 320-323, Line 97, Column b, Account 566 - Miscellaneous Transmission Expenses, please provide a detailed tabulation (Excel format) of every entry booked to this account during 2021, including name, description of cost item and amount:

- a. APCo in the amount of \$(14,394,958)
- b. I&M in the amount of \$3,361,124
- c. KPCo in the amount of \$4,912,907
- d. KgPCO in the amount of \$59,210
- e. OPCo in the amount of \$12,824,524
- f. WPCo in the amount of \$113,278
- g. IM TransCo in the amount of \$2,346,600
- h. KY TransCo in the amount of \$166,504
- i. OH TransCo in the amount of \$4,657,543
- j. WV TransCo in the amount of \$1,372,874

Response:

Please see JI-2-56 Attachment 1 for a detailed listing of all items booked to Account 566 - Miscellaneous Transmission Expenses in 2021 as reported in the 2021 FERC Form 1, Pages 320-323, Line 97, Column (b).

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 57:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, refer to the 2021 FERC Form 1, Pages 320-323, Line 184, Column b, Account 923 – Outside Services Employed, please provide a detailed tabulation (Excel format) of every entry booked to this account during 2021, including name, description of cost item and amount.

- a. APCo in the amount of \$13,463,107
- b. I&M in the amount of \$7,706,437
- c. KPCo in the amount of \$2,602,573
- d. KgPCo in the amount of \$197,164
- e. OPCo in the amount of \$7,931,184
- f. WPCo in the amount of \$1,275,562
- g. AP TransCo in the amount of \$227,506
- h. IM TransCo in the amount of \$900,063
- i. KY TransCo in the amount of \$472,935
- j. OH TransCo in the amount of \$1,126,043
- k. WV TransCo in the amount of \$12,033

Response:

Please see attachment JI-2-57.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 58:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo refer to the 2021 FERC Form 1, Pages 320-323, Line 190, Account 929 – (Less) Duplicate Charges – Cr, please provide:

- a. A detailed list of each transaction (all debits and credits) by FERC Account for each OpCo and TransCo where these types of duplicative charge transactions are being recorded in 2021, which utilities normally record in Account 929 as defined as: “This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay” in the FERC USoA.
- b. If an OpCo and TransCo has no amounts associated with this line item in 2021, please provide an explanation as to why and where these amounts are recorded.

Response:

Please see attachment JI-2-58.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
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Data Request 59:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For the OpCos only, refer to the 2021 FERC Form 1 Pages 320-323, Line 193, Account 931 – Rents, please provide a detailed tabulation of every entry booked to this account during 2021, including name, description of cost item and amount.

Response:

Please see attachment JI-2-59.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 60:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide the detailed PowerTax reports (e.g. detailed 257 report) and Provision reports (Excel format) to support each input and the balances shown on tab “WS B-3.”

Response:

Please see JI-2-60 Attachments 1 & 2 for Provision reports to support the balances and entries in WS B-3 for each OpCo and TransCo. JI-2-60 Attachment 1 is Provision report 51040H which supports the beginning and ending Excess ADIT balances. JI-2-60 Attachment 2 is Provision report 51020 which supports the tax expense entries. The data within PowerTax is not configured such that Report 257 provides information to directly support OpCos and Transcos Excess amounts.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 61:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide any changes to its capitalization policy or methodologies, including changes in the manner employee labor costs are assigned to capital projects through timecards, employee time studies, or other basis.

Response:

There are no changes in the company's capitalization policy.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 62:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide an explanation of its overhead construction cost allocation methodology and provide the percentage of overhead costs capitalized to total overhead costs for 2021 for transmission projects.

Response:

Please see JI-2-62 Attachment_Send for the percentage of overheads capitalized during 2021.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 63:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please identify all credit facilities outstanding during 2021. For each credit facility, provide the amount of upfront and commitment fees recorded to expense in 2021 and the offsetting FERC account(s) charged, and identify any portion of the credit facility acquired to comply with provisions of specific a debt agreement.

Response:

The upfront fees are expensed to FERC acct. 428. Below is the related bank facility and 2021 amortized amounts.

Issuance:	Upfront Fees Amortized During 2021:
AEG \$120M	\$90K
APCO \$125M	\$62.5K
I&M \$200M	\$22.2K
KP \$75M	\$46.88K
KP \$125M	\$15.63K
KP \$150M	\$6.25K

None of these facilities were required to comply with any debt agreement.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 64:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

Please indicate whether any OpCo or Transco has made any investments in electric charging stations. If the answer is yes, please provide the FERC accounts used for investments in, and operation of, electric vehicle charging stations and clarify whether the stations only exist on OpCo or TransCo property. If not, identify the location(s) of the charging stations

Response:

Appalachian Power, Indiana Michigan Power, Kentucky Power, Ohio Power, AEP Indiana Michigan Transmission Company, and AEP Ohio Transmission Company have made investments in electric charging stations. The investment in electric charging stations is recorded to general plant account 39800 - Miscellaneous Equipment and the maintenance of this equipment is recorded to accounts 1840029 (Transp - Assigned Vehicles) and 935 (Maintenance of general plant). The electric charging station investment is located on company property.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 65:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and Transco, please provide the following related to AFUDC:

- a. The calculation and formula supporting the AFUDC rates (debt and equity) applied to construction costs for 2021. Include this information in spreadsheets showing all inputs (common stock, preferred stock, long term debt, short term debt, and average CWIP), and provide supporting documentation and calculations that provide for verification of the equity and debt rates derived. Explain any differences between these rates and the rates reported in the 2021 FERC Form No. 1; and
- b. Describe the method used to accrue AFUDC and the frequency of compounding.

Response:

- a. Please refer to 'JI-2-65 Attachment 1_ xxx' for the calculations and support used to determine the company's AFUDC debt and equity rates for the month December 2021. The AFUDC debt and equity rates are calculated monthly for each company and the information is an illustration of those calculations for the month of December 2021. Please refer to the series of attachments named 'JI-2-65 Attachment 2_ xxx' for an explanation by company of how AFUDC is accrued on a work order. The Company uses the AFUDC formula as prescribed by FERC for its AFUDC debt and equity rate calculations.
- b. AFUDC is calculated on construction charges during the construction period. AFUDC is calculated on construction projects using the prior month construction balance, plus 1/2 the current month applicable charges plus the prior month AFUDC (compound AFUDC). Projects that are excluded from the AFUDC calculation include construction expenditures to be reimbursed, CWIP that is currently in rate base, contractor's retention, and purchases of plant and equipment that require no construction period.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 66:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and Transco, please provide all journal entries recorded on the books in 2021 related to the amended income tax returns filed in 2020 or other prior years. Specifically, please provide any adjustments to the current or deferred tax accounts of all and identify any other accounts impacted by amended tax returns.

Response:

There were no journal entries related to amended returns recorded in 2021.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 67:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and Transco, please provide a discussion of the accounting used to record net borrowings from the AEP Corporate Borrowing Program during 2021, including the Utility Money Pool and the FERC accounts to record the borrowings. Discuss how the money pool borrowings included or excluded from the 2021 AFUDC rate calculation.

Response:

Each OpCo and Transco accounts for net borrowing from or lending to the AEP Corporate Borrowing Program in FERC accounts 145 and 233 on its balance sheet. Any money pool interest income or expense would be recorded on each Company's income statement in FERC accounts 419 (Income) and 430 (Expense). Account 430 is not part of the calculation. Account 419.1 is removed from net income. None of these accounts are included in the formula rate calculation. For AFUDC rate calculations, each OpCo and Transco uses the average daily short-term debt balance and average daily interest rate from the prior month in its monthly AFUDC rate calculation.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 68:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide a detailed listing of all non-transmission related revenues on the “WS E Revenue Credits” tab, Lines 1 through 5b. and their associated amounts. To the extent a revenue item is associated with rent from the use of a general asset (*i.e.* office building), please specify the FERC account in which the asset is recorded.

Response:

The non-transmission related revenue credits identified in WS E come from the functional books for the OpCo's and from the transmission companies' income statements. Please see the response to JI-2-10 and the attachment to JI-2-69, a worksheet that has the requested accounts pulled from the functional books.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 69:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the “WS E Revenue Credits” tab for Accounts 451, 454, and 456 (to the extent there are amounts included in these accounts), including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2021. To the extent a revenue item is associated with rent from the use of a general asset (*i.e.* office building), please specify the FERC account in which the asset is recorded. Also, please explain the derivation of the transmission-related amounts for each account shown on the “WS E Revenue Credits” tab, Column (k).

Response:

The transmission related revenue credits identified in WS E come from the functional books for the OpCo's and from the transmission companies' income statements. Attached is a worksheet that has the requested accounts pulled from the functional books.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 70:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OpCo and TransCo, please provide the following:

- a. A complete list of all transmission facilities NOT under PJM's operational control.
- b. For the facilities not under PJM's operational control, please provide all costs assigned to AEP by PJM associated with real time congestion management for these facilities.
- c. State whether any of these facilities are zonal inter-ties.
- d. Identify the Transmission Planning organization responsible for these facilities.
- e. Identify which of these facilities are operated by AEP's transmission operations control center and AEP's distribution control center.

Response:

Not applicable. All AEP East transmission facilities are under the functional (which includes operational) control of PJM.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
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Data Request 71:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OPCo, refer to the “WS A – RB Support” tab, please provide a detailed breakout of each property and associated amount included in each of the amounts below for 2021:

- a. APCo – Line 45 – Transmission Plant Held for Future Use in the amount of \$1,573,245.
- b. I&M – Line 45 – Transmission Plant Held for Future Use in the amount of \$208,360.
- c. OPCo – Line 45 – Transmission Plant Held for Future Use in the amount of \$2,523,349.

Response:

Please see JI-2-71 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 72:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For each OPCo and TransCo, refer to the “TCOS” tab, Line 120 (OPCos) and Line 103 (TransCos), Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item’s amount; and
- c. Confirm that these amounts are the actual 2021 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-2-72 Attachment 1.
- b. Please see JI-2-72 Attachment 1.
- c. Confirmed.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 73:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

For the following OpCos, WS F Misc Exp – Line 1, please identify where on the respective company's 2021 FERC Form 1, Page 232 the following amortization amounts are shown. To the extent that they are not provided for on this page, please provide detailed support for each of the amounts.

- a. KPCo – 5660009 - PJM OATT Over/Under Rec in the amount of \$3,742,758
- b. OPCO – 5660005 - Misc Transmission Expense in the amount of \$7,116,696
- c. APCo – 5660007 - Virginia T-RAC UnderRecovery in the amount of \$(18,477,424)

Response:

- a. The \$3,742,758 is included in line 31 - "KY Under-recovered PPA Rider" on KPCo's 2021 FERC Form 1, Page 232. Also included in this line is \$10,000,000 deferral of lease expenses for purchased power from Rockport Plant in accordance with KPSC Order in Case No. 2017-00179.
- b. The \$7,116,696 is included in line 2 - "Under-Recovered Ohio BTCR - Ohio ESP - Case No. 13-2385-EL-SSO - Ohio ESP - Case No. 13-2386-EL-AAM" on OPCo's 2021 FERC Form 1, Page 232.
- c. The \$(18,477,424) is included in line 38 - "VA T-RAC Costs - VA SCC Case No. PUE-2009-00031" on APCo's 2021 FERC Form 1, Page 232.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 74:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

In reference to the “WS B-1 - Actual Stmt. AF” and “WS B-2 - Actual Stmt. AG” tabs, Column H – Functionalization Average Transmission, for each OpCo and TransCo items listed below please provide the following: (i) A detailed breakout (e.g., workable Excel format) of the customers and their associated amounts related to CIAC, (ii) the FERC account(s) and associated amounts where the associated plant is recorded, (iii) the FERC account(s) and associated amounts where the depreciation expense is recorded, (iv) State whether there are offsetting entries for the amounts in part ii. and iii. above that remove the effects of the CIAC from the formula rate template. If not, please provide the justification for including CIAC in the formula rate template, (v) Copies of every contract associated with this CIAC ADIT and (v) the justification for including CIAC related to specific customers in the “transmission” column.

- a. WS B-1 - OH TransCo - Row 35 – CIAC – BOOK RECEIPTS - \$(2,304,166).
- b. WS B-1 - WV TransCo - Row 35 – CIAC – BOOK RECEIPTS - \$(194,250).
- c. WS B-2 - APCo - Excel row 21 - CIAC - BOOK RECEIPTS-DISTR -SV in the amount of \$2,030,305.
- d. WS B-2 - APCo - Excel row 22 - CIAC - BOOK RECEIPTS-TRANS in the amount of \$203,424.
- e. WS B-2 - APCo - Excel row 23 - CIAC - BOOK RECEIPTS-DISTR -SW in the amount of \$126,650.
- f. WS B-2 - APCo - Excel row 27 - PROVS POSS REV REFDS in the amount of \$114,047.
- g. WS B-2 - I&M - Excel row 22 - CIAC - BOOK RECEIPTS in the amount of \$1,289,108.
- h. WS B-2 - OPCo - Excel row 19 - CIAC-BOOK RECEIPTS in the amount of \$2,298,657.
- i. WS B-2 - WPCo - Excel row 20 - CIAC-BOOK RECEIPTS in the amount of \$283,472.
- j. WS B-2 - IM TransCo - Excel Row 19 - CIAC - BOOK RECEIPTS - \$1,697,029.

Response:

- i. Customer information is confidential and will be provided subject to signing a non-disclosure agreement.
- ii. CIAC is recorded as a credit to account 1070001 and ultimately placed in service in FERC accounts 1010001/1060001 at zero cost to the Company.
- iii. The companies do not include depreciation expense associated with CIAC projects that have been reimbursed.
- iv. See the responses to parts (ii) and (iii). The process for CIAC records the asset at zero cost on the Company’s books when placed in service, which results in no depreciation expense to be recorded.
- v. Copies of contracts are confidential and will be provided subject to signing a non-disclosure agreement.

- v. The referenced ADIT items arose due to transmission activities and have been recorded on the Companies' transmission functional books. As contemplated in the Settlement in Cases ER17-405 and ER17-406, the Companies use the transmission functional books to determine what ADIT is used in the formula rate calculation.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 75:

QUESTIONS APPLICABLE TO EACH OPCO AND TRANSCO

In reference to tab “WS B-2 - Actual Stmt. AG” tabs, Column H and I – Functionalization Average Transmission, for each OpCo and TransCo items listed below, please provide a detailed explanation and justification for including the following items in rate base. Per the Commission’s Order issued March 24, 2022 under AEP Docket Nos. ER18-194 and ER18-195 they should be excluded.

- a. APCO - WS B-2 - Actual Stmt. AG, Column H, Line 2.11, PROVS POSS REV REFDS in the amount of \$114,047.
- b. I&M - WS B-2 - Actual Stmt. AG, Column I, Line 2.09, PROVS POSS REV REFDS in the amount of (\$512,841)
- c. I&M - WS B-2 - Actual Stmt. AG, Column I, Line 2.10, PROV FOR REFUND - FERC TRANS in the amount of (\$195,000).
- d. I&M - WS B-2 - Actual Stmt. AG, Column I, Line 2.11, PROVS POSS REV REFD-FR in the amount of \$195,000.
- e. I&M - WS B-2 - Actual Stmt. AG, Column I, Line 2.12, PROV FOR RATE REFUND-TAX REFORM in the amount of \$622,752.
- f. KPCo - WS B-2 - Actual Stmt. AG, Column H, Line 2.08, PROVS POSS REV REFDS in the amount of \$10,580.
- g. KgPCo - WS B-2 - Actual Stmt. AG, Column H, Line 2.04, PROVS POSS REV REFDS-A/L in the amount of \$28,698.
- h. OPCo - WS B-2 - Actual Stmt. AG, Column H, Line 2.06, PROVS POSS REV REFDS in the amount of \$45,809.
- i. WPCo - WS B-2 - Actual Stmt. AG, Column H, Line 2.07, PROVS POSS REV REFDS in the amount of \$4,947.
- j. AP TransCo - WS B-2 - Actual Stmt. AG, Column H, Line 2.03, PROVS POSS REV REFDS-A/L in the amount of \$23,676.
- k. IM TransCo- WS B-2 - Actual Stmt. AG, Column H, Line 2.04, PROV POSS REV REFDS in the amount of \$47,2350
- l. KY Trans - WS B-2 - Actual Stmt. AG, Column H, Line 2.03, PROVS POSS REV REFDS in the amount of \$17,475.76
- m. OH Trans - WS B-2 - Actual Stmt. AG, Column H, Line 2.04, PROVS POSS REV REFDS in the amount of \$315,216.
- n. WV Trans - WS B-2 - Actual Stmt. AG, Column H, Line 2.03, PROVS POSS REV REFDS in the amount of \$34,972.

Response:

The Commission's Order in Docket Nos. ER18-194 and 195 is not applicable to the AEP East Companies. The Formula Rate templates applicable to the AEP East Companies are to use the amounts on its transmission functional books as a representative amount of ADIT pursuant to the Settlement in Docket Nos: ER17-405 and 406.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 76:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Page 104, AEP states "Mr. Akins has entered into an Aircraft Time Sharing Agreement that allows him to use our corporate aircraft for personal use for a limited number of hours each year. The Aircraft Time Sharing Agreement requires Mr. Akins to reimburse the Company for the cost of his personal use of corporate aircraft in accordance with limits set forth in Federal Aviation Administration regulations. Mr. Akins reimbursed the Company all incremental costs incurred in connection with personal flights under the Aircraft Timesharing Agreement including fuel, oil, hangar costs, crew travel expenses, catering, landing fees and other incremental airport fees. Accordingly, no value is shown for these amounts in the Summary Compensation Table. If the aircraft flies empty before picking up or after dropping off Mr. Akins at a destination on a personal flight, the cost of the empty flight is included in the incremental cost for which Mr. Akins reimburses the Company. Since AEP aircraft are used predominantly for business purposes, we do not include fixed costs that do not change in amount based on usage, such as depreciation and pilot salaries." Please provide the following:

- a. Identify the company's books where the aircraft are recorded.
- b. Identify the FERC account(s) and associated amounts where the operations and maintenance costs are recorded by OpCo, TransCo or other AEP affiliate.
- c. Identify where these reimbursements are recorded by FERC account(s), associated amounts by OpCo, TransCo or AEP affiliate.

Response:

- a. AEPSC records the activity related to the corporate aircraft.
- b. Please refer to JI-2-76 Attachment 1 for FERC account and amounts for corporate aircraft costs that are recorded for each Company.
- c. Please refer to JI-2-76 Attachment 2 for FERC account and amounts for Aircraft Time Sharing Agreement reimbursements recorded for each Company.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 77:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Page 108-109, APCo states that "Appalachian Power Company (BU 150) acquired the Redeye Station and Line Assets from Altavista Solar, LLC during September 2021 Business." Please provide the following:

- a. A detailed description of these assets.
- b. The FERC account(s) and associated amounts where these assets were recorded.
- c. Identify the purchase price of the assets and the depreciated original cost of the assets on the date the transaction closed;
- d. Copies of filings made with the FERC and orders issued by FERC regarding APCo's acquisition of and accounting for the acquisition the Redeye Station and Line Assets.

Response:

- a. Transmission line assets include towers, conductor, insulators, grounding, and associated hardware. Transmission station assets include all civil, structural, electrical, communications, and infrastructure within the fenced boundary. Outside the fenced boundary, assets include conductors, wire, and communication cables.
- b. Amount recorded in account 1010001 - Plant in Service is \$11.
- c. Since the company acquired the station from the generation builder as part of the PJM Interconnection process, there is no acquisition price. There is no depreciation reflected because there is no acquisition price associated with the assets.
- d. FERC approval of this transaction was not required because the transaction was under \$10M. The company was only required to send FERC a notice of the completed transaction. Please see JI-2-77 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 78:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Page 114-117, Line 47 – Account 426.3 – Penalties in the amount of \$(212,059). Please provide an explanation as to why this amount is negative and provide a detailed listing and associated amounts of each item recorded to this account.

Response:

Please see JI-2-78 Attachment 1_QUERY Tab for the detailed listing of each Account 426.3 activity in 2021. The primary driver of the credit was "NERC Penalty BU Reclassification per discussion with Transcos and NERC group, and Generation Accrual set up."

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 79:

APPALACHIAN POWER

In reference to APCo's FERC Form 1, Pages 122-123– Notes to the Financial Statements, Sales and Purchases of Property, it states that "APCo had affiliated sales and purchases of electric property amounting to \$100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transactions." APCo had sales of \$5.7 million and \$6.2 million in 2020 and 2021, respectively. APCo had purchases of \$1.3 million and \$1.0 million in 2020 and 2021, respectively. Please provide the following:

- a. Identify each affiliate sale and purchase separately for 2020 and 2021.
- b. The full accounting journal entries to record the sale and purchases of the aforementioned propert(ies) identified in subpart a. above on each of the affiliate's and APCo's books, including all accounting entries for associated amounts of deferred income taxes for 2020 and 2021.

Response:

- a. Please see JI-79 Attachment_SEND.
- b. The company's fixed asset system does not track the deferred taxes at the individual asset level.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 80:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Page 200, Line 12 – Acquisition Adjustment in the amount of \$181,679, please provide the following:

- a. Identify the acquisition transactions that comprise the total acquisition adjustment amount by describing each purchase transaction, the date each transaction closed, the assets acquired, the purchase price, original cost of the assets acquired by primary plant account, accumulated depreciation applicable to the original cost of the asset acquired, and transaction costs;
- b. FERC orders approving each acquisition transaction and authorizing the rate recovery of amounts related to the acquisition adjustment;
- c. FERC orders approving APCo's accounting for each transaction; and
- d. Identify all inputs to APCo's 2021 ATRR that include amounts related to the acquisition adjustment for such items as, amortization expense, net book value in rate base, computation of plant related allocators, deferred income tax balances and explain the reasons the identified items were included in the 2021 ATRR calculation.

Response:

Neither acquisition adjustments nor their amortizations are included in the formula rate cost of service calculation.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 81:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Pages 204-207, Line 4, Column d, Account 303 – Miscellaneous Intangible Plant, what is the nature of the 2021 Retirements in the amount of \$14,868,256? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please refer to JI-2-81 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 82:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Pages 204-207, Line 4, Column d, Account 303 – Miscellaneous Intangible Plant, what is the nature of the 2021 Retirements in the amount of \$14,868,256? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please see JI-2-81 since this question contained only the last part of question 81.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 83:

APPALACHIAN POWER

In reference to APCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions of the 2021 Additions for each of the following accounts:

- a. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$55,729,167.
- b. Line 50, Column c, Account 353 – Station Equipment in the amount of \$228,260,255.
- c. Line 51, Column c, Account 354 – Towers and Fixtures in the amount of \$7,979,631.
- d. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$53,838,772.
- e. Line 54, Column c, Account 357 – Underground Conduit in the amount of \$7,267,560.
- f. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$38,144,353.

Response:

Please see JI-2-83 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 84:

APPALACHIAN POWER

In reference to APCo's FERC Form 1, Page 230a, please provide a detailed breakout of the Account(s) Charged and Amount(s) for this schedule as it does not appear this portion of the FERC Form 1 is filled out given the changing ending balance.

Response:

Page 230a does not provide a column for the current year's beginning balance but instead provides a column for the initial Total Amount of Loss, col b. Therefore, the page will not add/subtract across. The Losses Recognized During the Year, col c is provided but the account is not requested. Only if an amount is written off during the year, is the account requested. There were no write-offs. The \$3,403,071 in column c, representing the total change in 182.1 consists of a \$4,100,981 recognized loss in 2021, recorded in accounts 407 and 411, partially offset by a \$697,910 adjustment to the existing losses recorded in 182.1.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 85:

APPALACHIAN POWER

Provide all available information supporting the determination of APCo's Transmission, Common, General and Intangible Plant depreciation expenses including calculations and supporting documentation showing the application of the depreciation rates to monthly depreciable plant balances for 2021.

Response:

Please see JI-2-85 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 86:

APPALACHIAN POWER

In reference to APCo's "WS C – Working Capital" tab, Line 23 – Prepaid Lease in the amount of \$440,915, please provide the following:

- a. Identify what these prepaid leases are related to, including any specific function.
- b. Supporting documentation to demonstrate that APCo has prepaid, in full, the leases referenced, including copies of each of the lease documents and attachments.

Response:

There are three prepaid leases recorded for TCOM tower sites and one for a laydown yard. Payments are made annually in advance. The remainder of the balance is a reclass of the debit balance in the 2420504. This is related to eight agreements paid in advance, see JI-2-86 Attachments 1 through 8.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 87:

APPALACHIAN POWER

In reference to APCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$1,302,528. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on APCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-87 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column W for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 88:

APPALACHIAN POWER

In reference to APCo's "WS F Misc Exp" tab, Account 928, Line 19 – In reference to APCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$54,490. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to APCo's 2021 FERC Form 1, Pages 350-351 Line 25 – FERC Formula Rate Filing in the amount of \$35,719. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-88 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 19 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 89:

APPALACHIAN POWER

In reference to APCo's "WS F Misc Exp" tab, Account 930.2, Line 42 – Assoc Business Development Exp, Transmission Related Column in the amount of \$2,800,978. Please provide a detailed tabulation of every item and associated amount included in this total.

Response:

Please see JI-2-89 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 930.2, Line 42 – Assoc Business Development Exp, Transmission Related column.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 90:

INDIANA MICHIGAN POWER

In reference to I&M's 2021 FERC Form 1, Page 114-117, Line 47 – Account 426.3 – Penalties in the amount of \$(410,373). Please provide an explanation as to why this amount is negative and provide a detailed listing and associated amounts of each item recorded to this account.

Response:

Please see JI-2-90 Attachment 1_QUERY Tab for the detailed listing of each Account 426.3 activity in 2021. The primary driver of the credit was "NERC Penalty BU Reclassification per discussion with Transcos and NERC group, and Generation Accrual set up."

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 91:

INDIANA MICHIGAN POWER

In reference to I&M's 2021 FERC Form 1, Page 120-121, Note (c), it appears that I&M received a DOE settlement in the amount of \$2,552,839, please identify the following:

- a. A detailed description of what the DOE settlement was related to.
- b. The FERC account(s) where the underlying expenses that are related to the settlement are recorded.
- c. The FERC account(s) and associated amounts where the receivable was recorded.

Response:

- a. The Department of Energy has agreed to reimburse nuclear operators for capital and expenses related to the construction of canisters to store spent nuclear fuel. This agreement is the result of the Department of Energy's lack of a permanent storage facility for spent nuclear fuel.
- b. Original expenditures are primarily recorded to FERC accounts 107, 520, 524. Original expenditures are then moved out of the original accounts and recorded to the DOE Receivable account (FERC account 174).
- c. The receivable is recorded to FERC Account 174.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 92:

INDIANA MICHIGAN POWER

In reference to I&M's 2021 FERC Form 1, Page 120-121, Note (c), it appears that I&M received an insurance receivable in the amount of \$2,129,889, please identify the following:

- a. A detailed description of what the insurance receivable was related to.
- b. The FERC account(s) where the underlying insurance premium payments are recorded.
- c. The FERC account(s) and associated amounts where the receivable was recorded.

Response:

- a. The insurance receivable was related to a damaged high pressure steam turbine at Rockport Unit 1.
- b. The insurance premiums were recorded in account 924.
- c. The insurance receivable was recorded in accounts 107 and 513 for \$1,728,134 and \$409,183, respectively.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 93:

INDIANA MICHIGAN POWER

In reference to I&M's FERC Form 1, Pages 122-123, Sales and Purchases of Property, it states that "I&M had affiliated sales and purchases of electric property amounting to \$100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transactions." I&M had sales of \$1.5 million and \$7.0 million in 2020 and 2021, respectively. I&M had purchases of \$3.4 million and \$0.6 million in 2020 and 2021, respectively. Please provide the following:

- a. Identify each affiliate sale and purchase separately for 2020 and 2021.
- b. The full accounting journal entries to record the sale and purchases of the aforementioned propert(ies) identified in subpart a. above on each of the affiliate's and I&M's books, including all accounting entries for associated amounts of deferred income taxes for 2020 and 2021.

Response:

- a. Please see JI-93 Attachment_SEND.
- b. The company's fixed asset system does not track the deferred taxes at the individual asset level.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 94:

INDIANA MICHIGAN POWER

In reference to I&M's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format) of every entry, including project name and detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$25,828,651.
- b. Line 50, Column c, Account 353 – Station Equipment in the amount of \$ 31,970,823.
- c. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$32,177,603.
- d. Line 53, Column c, Account 356 – Overhead Conductors and Devices the amount of \$15,803,205.
- e. Line 86, Column c, Account 389 – Land and Land Rights in the amount of \$7,496,720.
- f. Line 87, Column c, Account 390 – Structures and Improvements in the amount of \$3,158,355.
- g. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$2,856,327.

Response:

Please see JI-2-94 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 95:

INDIANA MICHIGAN POWER

In reference to I&M's "WS C – Working Capital" tab, Line 23 – Prepaid Lease in the amount of \$180,981, please provide the following:

- a. Identify what these prepaid leases are related to, including any specific function.
- b. Supporting documentation to demonstrate that I&M has prepaid, in full, the leases referenced, including copies of each of the lease documents and attachments.

Response:

There is one prepaid lease recorded for LPM1000152 - Butler Telecom. Payment made yearly in advance. Current agreement ends 6/30/2026.

This balance is mainly attributable to multiple agreements paid in advance and timing of non-monthly payments getting reclassified from the 2420504 for quarter end.

Please see JI-2-95 Attachments 1 and 2.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 96:

INDIANA MICHIGAN POWER

In reference to I&M's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$477,722. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on I&M's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-96 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column W for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 97:

INDIANA MICHIGAN POWER

In reference to I&M's "WS F Misc Exp" tab, Account 928, Line 18 – In reference to I&M's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$23,623. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to I&M's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-97 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 18 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 98:

KENTUCKY POWER

In reference to KPCo's 2021 FERC Form 1, Page 114-117, Line 47 – Account 426.3 – Penalties in the amount of \$(105,164). Please provide an explanation as to why this amount is negative and provide a detailed listing and associated amounts of each item recorded to this account.

Response:

Please see JI-2-98 Attachment 1_QUERY Tab for the detailed listing of each Account 426.3 activity in 2021. The primary driver of the credit was "NERC Penalty BU Reclassification per discussion with Transcos and NERC group, and Generation Accrual set up."

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 99:

KENTUCKY POWER

In reference to KPCo's FERC Form 1, Pages 122-123, Sales and Purchases of Property, it states that "KPCo had affiliated sales and purchases of electric property individually amounting to \$100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transactions." KPCo had sales of \$825,000 and \$431,000 in 2020 and 2021, respectively. KPCo had purchases of \$1.4 million and \$3.9 million in 2020 and 2021, respectively. Please provide the following:

- a. Identify each affiliate sale and purchase separately for 2020 and 2021.
- b. The full accounting journal entries to record the sale and purchases of the aforementioned propert(ies) identified in subpart a. above on each of the affiliate's and KPCo's books, including all accounting entries for associated amounts of deferred income taxes for 2020 and 2021.

Response:

- a. Please see JI-2-99 Attachment SEND.
- b. The company's fixed asset system does not track the deferred taxes at the individual asset level.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 100:

KENTUCKY POWER

In reference to KPCo's 2021 FERC Form 1, Pages 204-207, Line 4, Column d, Account 303 – Miscellaneous Intangible Plant, what is the nature of the 2021 Retirements in the amount of \$3,723,377? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please see JI-2-100 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 101:

KENTUCKY POWER

In reference to KPCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$2,779,563.
- b. Line 50, Column c, Account 353 – Station Equipment in the amount of \$24,599,289.
- c. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$24,587,439.
- d. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$8,565,985.

Response:

Please see JI-2-101 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 102:

KENTUCKY POWER

In reference to KPCo's 2021 FERC Form 1, Pages 204-207, Line 50, Column d, Account 353 – Station Equipment, what is the nature of the 2021 Retirements in the amount of \$1,998,629? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please see JI-2-102 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 103:

KENTUCKY POWER

In reference to KPCo's 2021 FERC Form 1, Pages 204-207, Line 52, Column d, Account 355 – Poles and Fixtures, what is the nature of the 2021 Retirements in the amount of \$2,145,188? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please see JI-2-103 Attachment_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 104:

KENTUCKY POWER

In reference to KPCo's 2021 FERC Form 1, Page 232, Line 32 – 2020 KY Storm Deferral, KPCo indicates that it amortized amounts to Accounts 593 and 571 that total \$5,995,160, please provide the following:

- a. A detailed description of this regulatory asset.
- b. The FERC Docket Nos. where KPCo received FERC authorization to recover this regulatory asset.
- c. The amount recorded to Account 571.

Response:

Please see attachment JI-2-104.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 105:

KENTUCKY POWER

In reference to KPCo's "WS C – Working Capital" tab, Line 25 – Prepaid Lease in the amount of \$18,568, please provide the following:

- a. Identify what these prepaid leases are related to, including any specific function.
- b. Supporting documentation to demonstrate that KPCo has prepaid, in full, the leases referenced, including copies of each of the lease documents and attachments.

Response:

There is one prepaid lease recorded for LPM1000137 - Hazard Telecomm Lease. Payment made yearly in advance. The remainder of the balance is a reclass of the debit balance in the 2420504. This is primarily related to three agreements paid in advance.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 106:

KENTUCKY POWER

In reference to KPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$260,918. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on KPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-106 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column W for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 107:

KENTUCKY POWER

In reference to KPCo's "WS F Misc Exp" tab, Account 928, Line 18 – In reference to KPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$10,084. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to KPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-107 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 18 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 108:

KINGSPORT POWER

In reference to KgPCo's 2021 FERC Form 1, Page 114-117, Line 47 – Account 426.3 – Penalties in the amount of \$(2,368). Please provide an explanation as to why this amount is negative and provide a detailed listing and associated amounts of each item recorded to this account.

Response:

Please see JI-2-108 Attachment 1_QUERY Tab for the detailed listing of each Account 426.3 activity in 2021. The primary driver of the credit was "NERC Penalty BU Reclassification per discussion with Transcos and NERC group, and Generation Accrual set up."

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 109:

KINGSPORT POWER

In reference to KgPCo's FERC Form 1, Pages 122-123, Sales and Purchases of Property, it states that "KgPCo had affiliated sales and purchases of meters and transformers. There were no gains or losses recorded on the transactions." KgPCo had sales of \$740,000 and \$320,000 in 2020 and 2021, respectively. KgPCo had purchases of \$814,000 and \$543,000 in 2020 and 2021, respectively. Please provide the following:

- a. Identify each affiliate sale and purchase separately for 2020 and 2021.
- b. The full accounting journal entries to record the sale and purchases of the aforementioned propert(ies) identified in subpart a. above on each of the affiliate's and KgPCo's books, including all accounting entries for associated amounts of deferred income taxes for 2020 and 2021.

Response:

- a. Please see JI-2-109 Attachment_SEND.
- b. The company's fixed asset system does not track the deferred taxes at the individual asset level.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 110:

KINGSPORT POWER

In reference to KgPCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 50, Column c, Account 353 – Station Equipment in the amount of \$299,556.
- b. Line 52, Column c, Account 355 – Poles and Fixtures the amount of \$263,242.
- c. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$276,930.

Response:

Please refer to JI-2-110 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 111:

KINGSPORT POWER

Refer to the tab entitled "WS B ADIT & ITC," Excel Cell E41, Account 190, Year End Utility Deferrals for Balance @ December 31, 2021, please reconcile the amount shown of \$4,985,224, to the amount on the KgPCo's 2021 FERC Form 1, Page 234, Line 8, Column (c), in the amount of \$4,989,893.

Response:

The difference is related to a late reopen to the general ledger for 12/31/2021. This changed 2021 Pre-tax book income and ultimately impacted the book/tax timing difference "630M Rate Case Deferred Charges" and Deferred State Income Tax. The change due to the reopen was reflected in the FERC Form 1 and not in the 2022 True Up Filing.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 112:

KINGSPORT POWER

Refer to the tab entitled “WS B ADIT & ITC,” Excel Cell G41, Account 190, Year End Utility Deferrals for Balance @ December 31, 2020, please reconcile the amount shown of \$2,056,203, to the amount on the KgPCo’s 2021 FERC Form 1, Page 234, Line 8, Column (b), in the amount of \$424,231.

Response:

The difference is related to Account 1901002 which had a 12/31/2020 balance of \$1,631,986. During the preparation of the 2020 FERC Form 1, this account was included on Line 17. When preparing the 2021 FERC Form 1, the beginning balances of all accounts were reflected on the same lines of the Form as they were in the previous year’s Form’s end balances to maintain consistency between the filings. It was determined that account 1901002 should be on line 8, and not on line 17, of the FERC Form 1. This was corrected in the 2021 FERC Form 1 ending balances.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 113:

KINGSPORT POWER

In reference to KgPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$117,306. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on KgPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-113 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column W for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 114:

KINGSPORT POWER

In reference to KgPCo's "WS F Misc Exp" tab, Account 928, Line 19 – In reference to KgPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$607. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to KgPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-114 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 19 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 115:

OHIO POWER

In reference to OPCo's 2021 FERC Form 1, Page 114-117, Line 47 – Account 426.3 – Penalties in the amount of \$(810,653). Please provide an explanation as to why this amount is negative and provide a detailed listing and associated amounts of each item recorded to this account.

Response:

Please see JI-2-125 Attachment 1_QUERY Tab for the detailed listing of each Account 426.3 activity in 2021. The primary driver of the credit was "NERC Penalty BU Reclassification per discussion with Transcos and NERC group, and Generation Accrual set up."

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 116:

OHIO POWER

In reference to OPCo's FERC Form 1, Pages 122-123, Sales and Purchases of Property, it states that "OPCo had affiliated sales and purchases of electric property amounting to \$100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transaction." OPCo had sales of \$7.0 million and \$9.2 million in 2020 and 2021, respectively. OPCo had purchases of \$1.2 million and \$1.4 million in 2020 and 2021, respectively. Please provide the following:

- a. Identify each affiliate sale and purchase separately for 2020 and 2021.
- b. The full accounting journal entries to record the sale and purchases of the aforementioned propert(ies) identified in subpart a. above on each of the affiliate's and OPCo's books, including all accounting entries for associated amounts of deferred income taxes for 2020 and 2021.

Response:

- a. Please see JI-2-116 Attachment_SEND.
- b. The company's fixed asset system does not track the deferred taxes at the individual asset level.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 117:

OHIO POWER

In reference to OPCo's 2021 FERC Form 1, Page 200, Line 12 – Acquisition Adjustment in the amount of \$636,577, please provide the following:

- a. Identify the acquisition transactions that comprise the total acquisition adjustment amount by describing each purchase transaction, the date each transaction closed, the assets acquired, the purchase price, original cost of the assets acquired by primary plant account, accumulated depreciation applicable to the original cost of the asset acquired, and transaction costs;
- b. FERC orders approving each acquisition transaction and authorizing the rate recovery of amounts related to the acquisition adjustment;
- c. FERC orders approving OPCo's accounting for each transaction; and
- d. Identify all inputs to OPCo's 2021 ATRR that include amounts related to the acquisition adjustment for such items as, amortization expense, net book value in rate base, computation of plant related allocators, deferred income tax balances and explain the reasons the identified items were included in the 2021 ATRR calculation.

Response:

Neither acquisition adjustments nor their amortizations are included in the formula rate cost of service calculation.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 118:

OHIO POWER

In reference to OPCo's 2021 FERC Form 1, Pages 204-207, Line 4, Column d, Account 303 – Miscellaneous Intangible Plant, what is the nature of the 2021 Retirements in the amount of \$19,484,100? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please refer to JI-2-118 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 119:

OHIO POWER

In reference to OPCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$17,884,732.
- b. Line 53, Column c, Account 356 – Overhead Conductors and Devices in the amount of \$68,036,395.
- c. Line 55, Column c, Account 356 – Underground Conductors and Devices in the amount of \$1,492,678.
- d. Line 87, Column c, Account 390 – Structures and Improvements in the amount of \$33,859,198.
- e. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$21,382,034.

Response:

Please refer to JI-2-119 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 120:

OHIO POWER

In reference to OPCo's 2021 FERC Form 1, Pages 204-207, Line 53, Column d, Account 356 – Overhead Conductors and Devices, what is the nature of the 2021 Retirements in the amount of \$5,275,411? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please refer to JI-2-120 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 121:

OHIO POWER

Refer to the tab entitled “WS C – Working Capital,” Excel Row 43 - Account 1650006 - Other Prepayments, please provide the following:

- a. A detailed tabulation of each prepayment included in this amount.
- b. Explain the change in allocation from Excludable to Plant Related.
- c. The FERC account(s) where the underlying expense is eventually recorded for each prepayment is recorded in subpart a. above.

Response:

- a. \$83,625 of the 2021 balance in 1650006 was related to transmission reflecting a land lease payment to the State of Ohio. The annual lease of \$167,250 is amortized over 12 months beginning in July.
- b. Account 1650006 reflects prepayments for multiple business units so an allocation is necessary. The Company determined the plant allocator was appropriate. The 2020 balance was excluded in error as it also reflected prepayments for multiple business units.
- c. The amortization of the amount described in part a is recorded in account 567.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 122:

OHIO POWER

Please provide OPCo's accounting for depreciation expense related to asset retirement obligations and explain why no costs are reported in FERC Account 403.1 for 2021.

Response:

Please see JI-2-122 Attachment 1_SEND for depreciation expense related to asset retirement obligations. When asset retirement obligations were established for asbestos abatement, the company determined that asbestos removal was generally included in depreciation rates, as removal cost. Since it was already provided for in rates, the company recorded a debit to account 108 for the cumulative effect at adoption and for ongoing monthly ARO depreciation - continuing until new rates are implemented which exclude asbestos removal costs from depreciation and include them as ARO in cost of service.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 123:

OHIO POWER

In reference to OPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$1,640,379. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on OPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-123 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column W for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 124:

OHIO POWER

In reference to OPCo's "WS F Misc Exp" tab, Account 928, Line 18 – In reference to OPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$37,402. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to OPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-124 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 18 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 125:

WHEELING POWER

In reference to WPCo's 2021 FERC Form 1, Page 114-117, Line 47 – Account 426.3 – Penalties in the amount of \$(12,041). Please provide an explanation as to why this amount is negative and provide a detailed listing and associated amounts of each item recorded to this account.

Response:

Please see JI-2-115 Attachment 1_QUERY Tab for the detailed listing of each Account 426.3 activity in 2021. The primary driver of the credit was "NERC Penalty BU Reclassification per discussion with Transcos and NERC group, and Generation Accrual set up."

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

**Data Request 126:
WHEELING POWER**

In reference to WPCo's FERC Form 1, Pages 122-123, Sales and Purchases of Property, it states that "WPCo had affiliated sales and purchases of meters and transformers. There were no gains or losses recorded on the transactions." WPCo had sales of \$1.3 million and \$424,000 in 2020 and 2021, respectively. WPCo had purchases of \$1.2 million and \$341,000 in 2020 and 2021, respectively. Please provide the following:

- a. Identify each affiliate sale and purchase separately for 2020 and 2021.
- b. The full accounting journal entries to record the sale and purchases of the aforementioned propert(ies) identified in subpart a. above on each of the affiliate's and WPCo's books, including all accounting entries for associated amounts of deferred income taxes for 2020 and 2021.

Response:

- a. Please see JI-2-126 Attachment_SEND.
- b. The company's fixed asset system does not track the deferred taxes at the individual asset level.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 127:

WHEELING POWER

In reference to WPCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 48, Column c, Account 350 – Land and Land Rights in the amount of \$(51,475).
- b. Line 50, Column c, Account 353 – Station Equipment in the amount of \$333,664.
- c. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$1,108,179.
- d. Line 53, Column c, Account 356 – Overhead Conductors and Devices in the amount of \$3,815,709.
- e. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$776,940.

Response:

Please refer to JI-2-127 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 128:

WHEELING POWER

In reference to WPCo's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$113,682. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on WPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-128 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column W for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 129:

WHEELING POWER

In reference to WPCo's "WS F Misc Exp" tab, Account 928, Line 19 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$1,967. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to WPCo's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-129 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 19 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 130:

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

In reference to I&M's 2021 FERC Form 1, Page 122-123 – Notes to the Financial Statements, Section 3 – Rate Matters, I&M states that “In September 2020, a non-affiliated third-party filed a complaint with the FERC against IMTCo. The complaint alleges that IMTCo's formula rates are unjust and unreasonable. The complaint estimates that IMTCo's formula rates resulted in approximately \$700 thousand in excess transmission charges annually beginning in 2019.” Please provide any associated FERC Docket Nos. from this complaint and/or any other related proceeding at FERC.

Response:

A complaint was filed against IMTCo's MISO Formula rate in EL20-71. As a result of the complaint, IMTCo updated its MISO formula rate in Docket No. ER21-2133.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 131:

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

In reference to IM TransCo's 2021 FERC Form 1, Pages 204-207, Line 4, Column d, Account 303 – Miscellaneous Intangible Plant, what is the nature of the 2021 Retirements in the amount of \$2,471,445? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please refer to JI-2-131 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 132:

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

In reference to IM TransCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 48, Column c, Account 350 – Land and Land Rights in the amount of \$4,238,791.
- b. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$23,171,580.
- c. Line 50, Column c, Account 353 – Station Equipment in the amount of \$120,346,552.
- d. Line 51, Column c, Account 354 – Towers and Fixtures in the amount of \$7,544,511.
- e. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$111,846,049.
- f. Line 54, Column c, Account 357 – Underground Conduit in the amount of \$15,544,836.
- g. Line 55, column c, Account 358 – Underground Conductors and Devices in the amount of \$4,654,193.
- h. Line 87, Column c, Account 390 – Structures and Improvements in the amount of \$2,860,513.
- i. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$678,860.

Response:

Please refer to JI-2-132 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 133:

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

In reference to IM TransCo's 2021 FERC Form 1, Pages 204-207, Line 50, Column d, Account 353 – Station Equipment, what is the nature of the 2021 Retirements in the amount of \$798,957? Please provide a detailed listing of the 2021 Retirements for this account.

Response:

Please refer to JI-2-133 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 134:

AEP INDIANA MICHIGAN TRANSMISSION COMPANY

In reference to IM TransCo's "WS C – Working Capital" tab, Line 12 – Prepaid Lease in the amount of \$77,042, please provide the following:

- a. Identify what these prepaid leases are related to, including any specific function.
- b. Supporting documentation to demonstrate that IM TransCo has prepaid, in full, the leases referenced, including copies of each of the lease documents and attachments.

Response:

There are two prepaid leases recorded for laydown yards. Yorktown Laydown yard is a 36-month term ending May 31, 2024. Edwardsburg Laydown Yard is a 36-month extension. The remainder of the balance is a reclass of the debit balance in the 2420504. This is related to two agreements paid in advance.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 135:

AEP OHIO TRANSMISSION COMPANY

In reference to OH TransCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 48, Column c, Account 350 – Land and Land Rights in the amount of \$10,670,802.
- b. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$16,772,743.
- c. Line 50, Column c, Account 353 – Station Equipment in the amount of \$164,415,043.
- d. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$274,074,686.
- e. Line 53, Column c, Account 356 – Overhead Conductors and Devices in the amount of \$105,757,757.
- f. Line 54, Column c, Account 357 – Underground Conduit in the amount of \$7,592,954.
- g. Line 94, Column c, Account 397 – Communication Equipment in the amount of \$579,308.

Response:

Please refer to JI-2-135 Attachment 1_SEND.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 136:

AEP OHIO TRANSMISSION COMPANY

In reference to OH TransCo's "WS C – Working Capital" tab, Line 19 – Prepaid Lease in the amount of \$63,011, please provide the following:

- a. Identify what these prepaid leases are related to, including any specific function.
- b. Supporting documentation to demonstrate that OH TransCo has prepaid, in full, the leases referenced, including copies of each of the lease documents and attachments.

Response:

There are three prepaid leases recorded for laydown yards. Beartown is a 16-month agreement ending December 2021. Bellaire is a 24-month agreement ending October 2022. Wing Kong/Dudley Laydown yard is a 60 mth lease ending January 2022. The remainder of the balance is a reclass of the debit balance in the 2420504. This is related to eight agreements paid in advance. Please see JI-2-136 Attachments 1 through 4.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 137:

AEP OHIO TRANSMISSION COMPANY

In reference to OH Transco's "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$1,119,253. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile each item to the filings/cases/fees shown on OH Transco's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-137 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 15 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific. See column U for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
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**Responses to JOINT
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Data Request 138:

AEP OHIO TRANSMISSION COMPANY

In reference to OH Transco's "WS F Misc Exp" tab, Account 928, Line 18 – Regulatory Commission Expenses, Col. (E) - 100% Transmission Specific in the amount of \$67,428. Please provide a detailed tabulation of every item and associated amount included in this total and reconcile this amount to OH Transco's 2021 FERC Form 1, Pages 350-351. To the extent that an item is below the \$250,000 threshold shown on the FERC Form 1, please identify each separately.

Response:

Please see JI-2-138 Attachment 1 for a detailed listing of each item included in "WS F Misc Exp" tab, Account 928, Line 18 – Reg Com Exp-FERC Trans Cases, Col. (E) - 100% Transmission Specific. See column R for the FERC Form 1, Pages 350-351 line description.

Date: 12/7/2022

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Data Request 139:

AEP WEST VIRGINIA TRANSMISSION COMPANY

In reference to WV TransCo's 2021 FERC Form 1, Page 200, Line 12 – Acquisition Adjustment in the amount of \$4,526,496, please provide the following:

- a. Identify the acquisition transactions that comprise the total acquisition adjustment amount by describing each purchase transaction, the date each transaction closed, the assets acquired, the purchase price, original cost of the assets acquired by primary plant account, accumulated depreciation applicable to the original cost of the asset acquired, and transaction costs;
- b. FERC orders approving each acquisition transaction and authorizing the rate recovery of amounts related to the acquisition adjustment;
- c. FERC orders approving WV TransCo's accounting for each transaction; and
- d. Identify all inputs to WV TransCo's 2021 ATRR that include amounts related to the acquisition adjustment for such items as, amortization expense, net book value in rate base, computation of plant related allocators, deferred income tax balances and explain the reasons the identified items were included in the 2021 ATRR calculation.

Response:

Neither acquisition adjustments nor their amortizations are included in the formula rate cost of service calculation.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 140:

AEP WEST VIRGINIA TRANSMISSION COMPANY

In reference to WV TransCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 48, Column c, Account 350 – Land and Land Rights in the amount of \$692,608.
- b. Line 49, Column c, Account 352 – Structures and Improvements in the amount of \$11,359,720.
- c. Line 50, Column c, Account 353 – Station Equipment in the amount of \$75,888,012.
- d. Line 51, Column c, Account 354 – Towers and Fixtures in the amount of \$43,290,915.
- e. Line 52, Column c, Account 355 – Poles and Fixtures in the amount of \$94,497,771.
- f. Line 53, Column c, Account 356 – Overhead Conductors and Devices in the amount of \$109,873,064.
- g. Line 54, Column c, Account 357 – Underground Conduit in the amount of \$2,013,706.
- h. Line 86, Column c, Account 389 – Land and Land Rights in the amount of \$3,903,116.
- i. Line 87, Column c, Account 390 – Structures and Improvements in the amount of \$46,760,873.
- j. Line 88, Column c, Account 391 – Office Furniture and Equipment in the amount of \$299,251.

Response:

Please refer to JI-2-140 Attachment 1_SEND.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 141:

AEP WEST VIRGINIA TRANSMISSION COMPANY

Refer to the tab entitled "WS B-1 - Actual Stmt. AF," Excel Cells I72:K72, Functionalization Average Totals for Account 283, please explain the reasoning for the removal of the formulas in these cells.

Response:

These sum formulas were removed in error and have been fixed. There is no impact on the rate.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 142:

AEP WEST VIRGINIA TRANSMISSION COMPANY

In reference to WV TransCo's "WS C – Working Capital" tab, Line 12 – Prepaid Lease in the amount of \$46,971, please provide the following:

- a. Identify what these prepaid leases are related to, including any specific function.
- b. Supporting documentation to demonstrate that WV TransCo has prepaid, in full, the leases referenced, including copies of each of the lease documents and attachments.

Response:

There is one prepaid lease recorded for LPM1044756 - Chapmanville Laydown Yard Lease. Payment made yearly in advance. Term was 34 months ending 1/1/2024. The remainder of the balance is a reclass of the debit balance in the 2420504. This is related to one agreement paid in advance. Please see JI-2-142 Attachments 1 and 2.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 143:

AEP KENTUCKY TRANSMISSION COMPANY

In reference to KY TransCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 50, Column c, Account 353 – Station Equipment in the amount of \$7,145,810.
- b. Line 53, Column c, Account 356 – Overhead Conductors and Devices in the amount of \$8,392,532.
- c. Line 87, Column c, Account 390 – Structures and Improvements in the amount of \$20,980,675.
- d. Line 88, Column c, Account 391 – Office Furniture and Equipment in the amount of \$1,120,265.

Response:

Please refer to JI-2-143 Attachment 1_SEND.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 144:

AEP KENTUCKY TRANSMISSION COMPANY

Refer to the tab entitled "WS M - Cost of Capital," Excel Cell B49, Interest on Long Term Debt - Accts 221 - 224 (256-257.33.i), please confirm the reference should be Column (m) instead of Column (i) as reflected on the KY TransCo's 2021 FERC Form 1, Pages 256-257, Line 33.

Response:

The company confirms the reference should be Column m.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 145:

AEP APPALACHIAN TRANSMISSION COMPANY

Please provide a detailed listing (Excel format), including software names, vendors, and detailed journal entry descriptions, of all items booked to Account 303 - Miscellaneous Intangible Plant in the amount of \$975,772 reported in AP TransCo's 2021 FERC Form 1, Pages 204-207, Line 4, Column (g).

Response:

The table below has details of unique workorders for Maximo, Dell and Groveport Data Center activity. The other workorders are software blankets which are made up of multiple source workorders. These blankets support technology and security work that can include, but are not limited to implementations, integrations, software purchases, enterprise agreements and cyber assets that protect from cyber-attacks; reporting and analytical tools like COGNOS; financial applications such as Peoplesoft and Maximo; mainframe customer interface applications such as MACCs; and meteorology tools. Please see JI-2-145 Attachment 1 and JI-2-145 Attachment 2 for the various source workorders and also vendor information.

Workorder	Description	Total	
W0020356	AEP Appal Transco Capitalized Software	831,245	See Attachment 1 details
W0029492	Maximo Imp - AP Transco	78,347	
W0030378	Capitalized Software - Dell Le	2,256	
W0031804	Groveport DC2 - Cap Software	57,811	
W0032696	AEP T Cap Soft Cloud Compute	6,113	See Attachment 2 details
		975,772	

Date: 12/7/2022

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Data Request 146:

AEP APPALACHIAN TRANSMISSION COMPANY

In reference to AP TransCo's 2021 FERC Form 1, Pages 204-207, please provide (i) the nature of the 2021 Additions and (ii) a detailed listing (Excel format), including detailed journal entry descriptions, of the 2021 Additions for each of the following accounts:

- a. Line 50, Column c, Account 353 – Station Equipment in the amount of \$466,018.
- b. Line 53, Column c, Account 356 – Overhead Conductors and Devices the amount of \$1,518,563.

Response:

Please refer to JI-2-146 Attachment 1_SEND.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 147:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-1a, please confirm that AEP East’s use of the term “ratemaking stand-alone NOLC” refers to the adjustments included in the 2022 Annual Update Filings for the “change in the treatment of the Accumulated Deferred Income Taxes (ADIT) associated with Net Operating Losses to a Stand-Alone basis rather than a consolidated basis” that is described in the May 25, 2022 transmittal letters for the 2022 Annual Update Filings, and if unable to confirm, please explain how the use of this term differs from the explanation in the May 25, 2022 transmittal letters.

Response:

Confirmed

Date: 12/7/2022

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**Responses to JOINT
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Data Request 148:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

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

Response:

- a. The Taxable income amounts for years 2015 to 2017 are determined on a separate return basis.
- b. The NOLC DTA amounts of \$1,000 for the years 2015 to 2017 are determined on a separate basis.
- c. The NOLD DTA amounts of \$1,000 are ratemaking only adjustments.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 149:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

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

Response:

- a. Confirmed
- b. Confirmed
- C. Confirmed

Date: 12/7/2022

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**Responses to JOINT
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Data Request 150:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

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

Response:

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

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

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

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

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

b. Confirmed

Date: 12/7/2022

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**Responses to JOINT
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Data Request 151:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

Response:

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

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

- (i) the taxpayer must, in computing its tax expense for purposes of establishing its cost of service for ratemaking purposes and reflecting operating results in its regulated books of account, use a method of depreciation with respect to such property that is the same as, and a depreciation period for such property that is no shorter than, the method and period used to compute its depreciation expense for such purposes, and
- (ii) if the amount allowable as a deduction under this section with respect to such property (respecting all elections made by the taxpayer under this section) differs from the amount that would be allowable as a deduction under section 167 using the method (including the period, first and last year convention, and salvage value) used to compute regulated tax expense under clause (i), the taxpayer must make adjustments to a reserve to reflect the deferral of taxes resulting from such difference³[1].

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

If, however, in respect of any taxable year the use of a method of depreciation other than a subsection (l) method for purposes of determining the taxpayer's reasonable allowance under

³[1]

section 167(a) results in a net operating loss carryover (as determined under section 172) to a year succeeding such taxable year which would not have arisen (or an increase in such carryover which would not have arisen) had the taxpayer determined his reasonable allowance under section 167(a) using a subsection (l) method, then the amount and time of the deferral of tax liability shall be taken into account in such appropriate time and manner as is satisfactory to the district director.

[1] 26 U.S.C. § 168(i)(9)(A).

Date: 12/7/2022

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**Responses to JOINT
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Data Request 152:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

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

Response:

- a. The Internal Revenue Code (IRC) does not address tax accounting which is required for SEC reporting purposes; the guidance is provided by the Accounting Standards Codification (ASC), specifically section ASC-740, Income Taxes. ASC 740 is a voluminous guide and code sections can be accessed publicly. As discussed in response to JI-1-1c, ASC-740-10-30-27 provides the requirements for the accounting for taxes in a consolidated group.
- b. Please see JI-2-152(b) Attachment 1 for an illustrative example.
- c. SEC Reporting

The “separate return method” terminology used by the SEC is a method of allocating taxes amongst the members of an affiliate group. This methodology allocates current and deferred taxes to members of the group as if it were a separate taxpayer.

FERC Financial Reporting

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

expressly provides that the use of the “separate return method” will not be permitted for FERC financial accounting and reporting (FERC Forms 1 and 3) as set forth below:

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

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

FERC Ratemaking

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

Date: 12/7/2022

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Data Request 153:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the responses to JI-1-1d and JI-1-1g, please explain the reasons why the AEP East OpCos and TransCos do not record accounting entries on their books and report in their FERC Form 1 reports, equivalent to the stand-alone NOLC ratemaking adjustments to accumulated deferred income taxes (“ADIT”) and to the amortization of deficient “ADIT” resulting from the TCJA remeasurement of the stand-alone NOLC ADIT adjustments that are included in the 2022 Annual Update filings.

Response:

Please see response to JI-2-152(c). For SEC and FERC financial reporting (FERC Form 1) the entries are accurate. The stand-alone NOLC is a ratemaking adjustment only.

Date: 12/7/2022

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Data Request 154:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

Response:

Confirmed

Date: 12/7/2022

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**Responses to JOINT
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Data Request 155:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

Response:

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

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
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Data Request 156:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-1k, please provide:

- a. For Kingsport Power Company, copies of Tennessee commission orders ruling on the implementation and the inclusion of the stand-alone method for net operating losses, details of the rate proposals on the stand-alone adjustments, testimony on the stand-alone method, the effective date and rate test periods, measurement of the stand-alone adjustments, Tax Cuts and Jobs Act (“TCJA”) remeasurement, and the inclusion of the TCJA remeasurements and amortization in Tennessee retail rates; and
- b. For Indiana Michigan Power Company, copies of Indiana retail commission orders ruling on the implementation and the inclusion of the stand-alone method for net operating losses, details of the rate proposals on stand-alone adjustments, testimony on the stand-alone method, the effective date and rate test periods, measurement of the stand-alone adjustments, TCJA remeasurement, and the inclusion of TCJA remeasurements and amortization in Indiana retail rates.

Response:

- a. Please see JI-2-156 Attachment 1 for testimony excerpts, testimony exhibits, and the Final Order issued by TPUC. All filed testimony, workpapers, and discovery can be found on the Tennessee Commission website.
- b. Indiana Michigan Power Company presented a stand-alone NOLC in their recent Indiana Base Case; however, the commission requested the company to seek a private letter ruling (PLR) from the Internal Revenue Service. If approved, the company will include a stand-alone NOLC deferred tax asset as a reduction to ADFIT, inclusion of the NOLC deficient tax offset against excess protected, as well as reduced protected excess amortization in Indiana retail rates.

Date: 12/7/2022

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Data Request 157:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

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

Response:

Confirmed.

Date: 12/7/2022

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**Responses to JOINT
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Data Request 158:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-2, Attachment 1, please separately identify for each AEP East OpCo and TransCo, the total company and transmission only federal and state consolidated NOLC and federal and state Stand-Alone NOLC on December 31, 2020 and on December 31, 2021

Response:

Regarding the federal consolidated NOLC, please see JI-1-2 Attachment 1, columns B and J. State NOLCs are recorded on a stand-alone basis for financial reporting purposes. Therefore, there are no state consolidated NOLC amounts to provide.

The Federal Stand-Alone NOLC for 12/31/2020 and 12/31/2021 can be found in JI-1-2 Attachment 1 in columns C and K, respectively.

The State Stand-Alone NOLC for 12/31/2020 and 12/31/2021 are recorded in account 1901002. This account can be found in the 2021 ATRR Template, tab WS B-2 Actual Stmt.Ag for each OpCo and TransCo. If there is no balance for this account for a company, then no state Stand-Alone NOLC exists for that company.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
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Data Request 159:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-7, please provide a copy of the private letter ruling request filed by Indiana Michigan Power Company, any correspondence with or responses received from the Internal Revenue Service regarding this filing, and the status of this filing as of the date of AEP East’s response.

Response:

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

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
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Data Request 160:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to response to JI-1-8, Attachment 1, Joint Intervenors request a technical conference call with AEP to discuss the data, calculations, and information included on the AEP East OpCos’ and TransCos’ worksheets which also provide responses to other questions (for example, JI-1-2, 9-10, 12-16, 22-25, 28-29, 30, 32, and 34) in Joint Intervenors’ set 1.

Response:

The companies will accept a technical call.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
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Data Request 161:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the JI-1-8, Attachment 1, please describe or provide:

- a. How amounts identified as Protected Amortization and as Deficient Offset are computed;
- b. What is the Deficient Offset;
- c. For each OpCo’s and TransCo’s 2021 ATRR calculation, identify the amortization of the Account 2821001 and Account 2831011 deficient NOL ADIT adjustments included on line 119, Excess Deferred Income Tax, on Tab TCOS in the OpCos’ formula rate template and on line 102, Excess Deferred Income Tax, on Tab TCOS in the TransCos’ formula rate template; and
- d. For APTCO, identify the year that each tax year’s net operating loss carryforwards expire (as shown on other OpCo’s and TransCo’s worksheets in column C).

Response:

- a. Protected amortization is computed based off of Average Rate Assumption Method (ARAM) computed in PowerTax software. Deficient amortization is computed based on a ratio of the Deficient ADIT over Total Excess ADIT as of TCJA 2017. See JI-1-8 Attachment 1, in the row that states “Percentage of Deficient as a reduction to Protected – Allocation of 282 NOL Adjustment.”
- b. Deficient Offset is the deficient amortization of the Deficient Tax related to the Net Operating Loss Carryforward calculated on a stand-alone basis. Deficient Taxes are created when a statutory tax rate changes causing a remeasurement of deferred taxes. When a Deferred Tax Asset is remeasured from a higher tax rate to a lower tax rate (i.e., 35% to 21%), deficient ADIT is created as a result. This is in contrast to the remeasurement of a Deferred Tax Liability which results in excess ADIT.
- c. The deficient amortization is provided in JI-1-8 Attachment 1. It is offsetting the protected amortization. The sum of the 2021 protected excess and protected deficient on each tab of JI-1-8 Attachment 1 are embedded in the Excess Deferred Income Tax line of Tab TCOS. The current year 2021 unprotected excess amortization is also included in the Excess Deferred Income Tax line of Tab TCOS as well. In addition, only Account 2821001 is being amortized for the deficient taxes. The unprotected deficient tax for 2831001 is not being amortized at this time.
- d. The expiration column for APTCO should be the same as all the other OpCos and TransCos.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
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**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 162:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-10, Attachment 1, Joint Intervenors request a technical conference call with AEP to discuss the “with” and “without” calculations shown on the worksheets provided in Attachment 1 of the response to JI-1-10.

Response:

The companies will accept a technical call.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 163:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-12 which stated “Please see JI-1-8 Attachment 1 for the allocation of 282 and 283 which were based off of the functional book excess balances as of TCJA 2017.” For each OpCo and TransCo, please provide workpapers (in a workable Excel format) showing the calculation of the “functional book excess balances as of TCJA 2017” used to compute the allocation of the deficient ADIT between Accounts 282 and 283.

Response:

Please see the case history of the AEP East Operating and Transmission Companies' applications arising out of the FERC's Order 864 for the requested information. The specific dockets are ER20-1886 for the East Operating Companies and ER20-1888 for the East Transmission Companies.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 164:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-12 which stated “Account 190 used the GP allocator for each company. The GP allocator is calculated by transmission gross plant divided by total gross plant.” Please provide the workpapers (in a workable Excel format) showing the calculation of each OpCo’s and TransCo’s GP allocator.

Response:

The calculation is performed on the TCOS tab of each operating/transmission company. There are no workpapers for this calculation.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
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Data Request 165:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-16, for KGSPT and APTCO, please explain the method used to amortize the unprotected deficient ADIT adjustments shown in Account 283 and provide the workpapers (in Excel workable format) showing the calculation of the amortization of the Account 283 unprotected deficiency NOL ADIT adjustment for 2021.

Response:

The unprotected deficient ADIT has not been amortized.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 166:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the response to JI-1-21 which states “The account 2831001 balance will be settled when all of the unprotected is amortized and refunded back to customers.” Please explain:

- a. When and how will the unprotected deficiency shown in Account 2831001 be amortized and settled;
- b. Was any of the unprotected deficiency shown in Account 2831001 amortized in 2020 or 2021 for any OpCo or TransCo and if so, how much? and
- c. How will the amortization of the unprotected deficiency result in a refund to customers?

Response:

- a. Please see response to JI-2-165.
- b. No.
- c. The unprotected deficient amortization will not result in a refund to customers.

Date: 12/7/2022

**AEP East ER17-405 & 406 Formula Rate 2021 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2021 ATRR**

**Responses to JOINT
Set JI-2 of Data Requests**

Data Request 167:

ADJUSTMENTS FOR “RATEMAKING STAND-ALONE NOLC”

In reference to the responses to part b of JI-1-22, JI-1-23, and JI-1-25, and part c of JI-1-24 which stated “The allocation for Account 190 is based on net plant allocators.” The response to part a of JI-1-27 stated the allocator used for Account 190 is the GP allocator. The response to JI-1-12 stated “Account 190 used the GP allocator for each company.” Please reconcile these responses and clarify which allocator is used for Account 190.

Response:

AEP uses the Gross Plant allocator for each company. The gross plant allocator is calculated on the TCOS tab of each operating company/transmission company.

Date: 12/7/2022