American Electric Power Service
Corporation
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January 22, 2021

Mr. Chris Norton
American Municipal Power, Inc.
1111 Schrock Road, Suite 100
Columbus, OH 43229

RE: Response to Preliminary Challenges to 2019 Annual Transmission Formula Rate True-up: AEP East Operating Companies and AEP Transmission Companies in the AEP Zone
Docket Nos. ER17-405-000
ER17-406-000

Dear Mr. Norton:

Pursuant to the Formula Rate Implementation Protocols for the AEP East Operating Companies and the AEP Transmission Companies in the AEP Zone (Attachments H-14A and H-20A, respectively, to the PJM Open Access Transmission Tariff), American Electric Power Service Corporation ("AEP") provides this to the Joint Customer Group's ("JCG") December 22, 2020 letter ("Letter") notifying AEP of Preliminary Challenges to certain components of: (i) the AEP East Operating Companies' Formula Rate Annual Update True-up for 2019, which was filed with the Federal Energy Regulatory Commission ("FERC") on May 26, 2020 in Docket No. ER17-405-000 ("2019 OpCo True-up"), and (ii) the AEP East Transmission Companies' Formula Rate Annual True-up for 2019, which was filed with FERC on May 26, 2020 in Docket No. ER17-406-000 ("2019 Transco True-up").

In the Letter, JCG explained that JCG was providing two groups of Preliminary Challenges: one set representing challenges to the formula being raised by the JCG ("Unresolved" Preliminary Challenges), and a second set of issues that, in its discovery responses, AEP acknowledged requires some sort of corrective action for which you have requested confirmation of that action ("Resolved" Preliminary Challenges).

For ease of reference, below AEP restates each issue identified in your December 22 2020 letter, followed by AEP's response. Please let us know if you have any questions about the information provided.

Sincerely,

s/ Stacey Burbure
Stacey Burbure

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Unresolved Preliminary Challenges

Data Request JCG-2019-01:
Written Off CWIP Projects

In response to JI Set 2-1, AEP explains that the OpCos policy is to record the costs of projects incurred to Account 183 or Account 107 that are later cancelled by expensing those costs to the appropriate functional expense account. The JCG challenges AEP's accounting and resulting rate recovery of cancelled construction projects. The JCG notes that the FERC USofA addresses the accounting for cancelled construction projects in the text to Account 182.2, which includes significant unrecovered cost of plant facilities where construction has been cancelled and when approved by FERC. There is no part of the FERC USofA that permits the cancelled construction projects to be expensed from Account 107 to an operating expense account, nor is there FERC precedent supporting such treatment. More importantly, the FERC's rate policy and precedent supports that FERC approval is required prior to recover the cost of cancelled construction costs recorded in Account 107.[1] Furthermore, to the extent cancelled construction projects are sought to be included in rates, such recovery should generally be limited to 50% of cancelled project costs consistent with FERC precedent.[2] Accordingly, the JCG believes that AEP improperly recovers cancelled construction project costs in the formula rate.

For cancelled preliminary, survey, and investigation ("PSI") costs in Account 183, the JCG believes it is appropriate for AEP to be able to present all cancelled PSI projects to JCG and justify the recovery of such costs through the formula during the annual formula rate informal review process. The FERC USofA would only permit abandoned PSI costs to be expensed to operating expense accounts when appropriate, i.e., when the costs relate to utility operating items. To ensure the appropriateness of charges in transmission rate, the JCG should be permitted to review PSI costs expensed to accounts included in the formula rate. AEP's response to JI Set 2-1 states that AEP does not track this information in its accounting system in non-responsive and avoids providing information customers are entitled to.

Response:

AEP does not agree with this preliminary challenge. In this preliminary challenge the JCG is attempting to apply a one-size-fits-all definition of a "project" in order to apply Commission decisions and accounting requirements intended for significant, discrete projects to relatively small dollar amounts expended in the context of maintaining the AEP Transmission system. In the description of Account 182.2 presented in the Uniform System of Accounts, the requirement upon which the JCG is basing its challenge specifically states that this account should include:

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[1] *Pub. Serv. Co. of New Mexico*, 75 FERC ¶ 61,266, 61859, at 61,859 (1996); *Tucson Elec. Power Co.*, 168 FERC ¶ 61,165 at 61868 (2019)

[2] *New England Power Company*, Opinion No. 295, 42 FERC ¶ 61,016, *reh'g denied in part*, Opinion No. 295-A, 43 FERC ¶ 61,285 (1988).

'…..when authorized by the Commission, ***significant*** [emphasis added] *unrecovered costs of plant facilities where construction has been cancelled or which have been prematurely retired.'*

Indeed, the Customers demonstrate their understanding of this: the cites provided in this preliminary challenge pertain to cases in which a utility requested recovery of costs related to specific large projects for which the utility in question filed a request for recovery after abandonment.

As part of this response the Company is providing PC-JCG-2019-1 Attachment-1, a list of amounts that were credited from account 107, but which do not reflect the actual closure of completed projects to plant in service; instead, the Company has provided those amounts that it can identify that were initially recorded to 107 but were subsequently removed from that account and expensed to an appropriate functional O&M. The reason for these adjustments can be for reclassification of costs as a result of subsequent reviews that determined that the cost is more properly classified as operating expense, expensing charges recorded subsequent to a project being placed in service, or other drivers. The Company asserts that there is a difference between these type of accounting entries as reflected in the detail provided in Attachment 1 to this response, and the process for recovery of 'significant costs' as contemplated in the instructions for account 182.2.

Regarding account 183, the Company has not utilized this account in its transmission business units. While there are balances shown for account 183 on line 73 of page 111 (the asset side of the balance sheet) in the FERC Form 1's of the AEP East Operating Companies, this activity is associated with generation, and not the transmission function. See attachments PC-JCG2019-1 Attachment-2 for the functional ledger balances of these amounts, which demonstrate the balances are associated with Generation Projects. See PC-JCG-2019-1 Attachment-3 for a summary of the balances for the AEP East Transmission Companies; for these Companies the balances are zero dollars as well.

It should be noted that these attachment demonstrate that there are amounts billed to account 183 on the Transmission function books for the East Operating and Transmission Companies. The source of these amounts 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 unit; to remove them form this account they are expensed each month to account 566000 or 1861060 for the East Operating Companies, and 9230003 for the East Transmission Companies.

Data Request JCG-2019-02: Commitment Fees

AEP's response to data request JI 2-27 indicates that upfront and commitment fees are included in the cost of debt computation of AFUDC for KPCo, I&M, and APCO. To the extent, the inclusion of upfront and commitment fees included in the cost of short-term debt, the JCG challenges AEP's computation of the AFUDC rate and resulting accruals for KPCo, I&M, and APCO. The Commission has stated that commitment and upfront fees should not be included in the AFUDC rate without prior approval and only in certain circumstances[3]. JCG is not aware the Commission has approved the inclusion of commitment and upfront fees in the cost of short-term debt for the AEP Opcos, neither is it likely that the associated credit facilities where necessary to get favorable short-term debt financing. The JCG requests AEP clarify the whether the cost of commitment and upfront fees are included in the cost of short-term debt, demonstrate the impact of the commitment and upfront fees on the cost of short-debt in 2019, and discontinue the inclusion of such costs in the cost of short-term debt.

Response:
AEP does not agree with this preliminary challenge. Commitment fees are only included in the cost of long-term debt, not short-term debt.

Data Request JCG-2019-03:
Penalties
AEP's response to data request JI 1-11 states that it did not pay any penalties for violations of NERC Reliability Standards in 2019. However, KPCo and KgPCO's 2019 FERC Form No. 1, page 269 report accruals for NERC penalties in Account 253 of $264,458 and $10,916, respectively. Additionally, OPCo, I&M, and WPCo's 2019 FERC Form No. 1, page 269 report "QUAL OF SVC PENALTIES – LT" of $1,453,880, $784,226, and $40,230, respectively. The JCG requests further clarification on the NERC penalties and "QUAL OF SVC PENALTIES - LT" reported on page 269 to understand the nature of each penalty, the expense accounts used to record the accrued penalties, and the rate treatment of such penalties. To the extent that AEP has included penalties in the formula rate templates, the JCG challenges the inclusion of these penalties.

Response:
AEP does not agree with this preliminary challenge. The AEP East Operating accrued Quality of Services penalties in 2019 for mainly CIP (Critical Infrastructure Protection) issues. These penalties were accrued to account 4263003, which does not flow through the formula rate template. See JCG-2019-03 Attachment 1 for a summary of the penalties by operating company.

Data Request JCG-2019-04:
Treatment of the "EDNANDA - Distribution Anda Project" Costs
AEP's response to data request JI 1-59 and JI Set 1-93_Attachment_1.xls provides a listing of items booked to Account 566, including an item identified as "EDNANDA - Distribution Anda Project." In response to data request JI 2-46, AEP explains that this item is a miscellaneous

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[3] *See* Order No. 561 stating that commitment fees would be considered for inclusion in the cost of short-term debt for AFUDC purposes when "an individual company has a written agreement and can support the fact that compensating balances and commitment fees are necessary in order to obtain favorable short-term financing and are not considered in its rate proceedings." *See also* FERC Audit Report to PacifiCorp in Docket No. FA16-4-000.

distribution related item that should have been recorded in Account 588 and was reversed in January 2020. The Joint Customer Group request further clarification on the rate treatment of the "EDNANDA - Distribution Anda Project" costs in the 2019 and 2020 formula rate true-up and the FERC accounts used to reverse the expense in January 2020 to ensure customers were not affected by AEP's treatment.

Response:
AEP does agree with this preliminary challenge. The $6,354.74 that was inadvertently charged to KPCo in account 5660000 in December 2019 was reversed in January 2020. As the credit recorded to 5660000 in January serves as the correction and makes the customers whole, AEP is not proposing to make any further adjustment in relation to this preliminary challenge. See attachment JCG-2019-04 Attachment-1 for support.

Data Request JCG-2019-05:
Treatment of Accounting Entries on Excess ADIT Recorded in Account 254
AEP's response to data request JI 1-26 and JI Set 1-26_Attachment_1.xls provides a list of items changed in amended tax returns filed in 2019 for tax years 2014-2017 and provides a summary of the impact to the FERC income tax accounts. The JCG finds it to be unclear if the accounting support relates solely to AEP Ohio Transmission or if it also relates to all Opcos and TransCos. The Joint Customer Group request further clarification on the impact of the accounting entries on excess ADIT recorded in Account 254 for each OpCo and TransCo. To the extent that this accounting treatment adversely affects the JCG, the JCG challenges AEP's accounting treatment as it affects the formula rate templates.

Response:
AEP does not agree with this preliminary challenge. The information in JI Set 1-26_Attachment_1 includes the journal entries for all Opcos and TransCos for the amended tax returns in question. The accounts are listed in Excel column A and the net debit/(credit) to the account is listed in Excel Column G. Note that the impact on account 254 is presented in these journal entries.
The journal entries for each company can be seen starting of the following rows of the Excel file:
AEP Ohio Transmission Company – Excel Row 8
AEP Appalachian Transmission Company – Excel Row 39
AEP West Virginia Transmission Company – Excel Row 66
AEP Kentucky Transmission Company – Excel Row 94
AEP Indiana Michigan Transmission Company – Excel Row 122
Appalachian Power Company – Excel Row 151
Kentucky Power Company – Excel Row 185
Kingsport Power Company – Excel Row 214
Wheeling Power Company – Excel Row 245
Indiana Michigan Power Company – Excel Row 268
Ohio Power Company – Excel Row 304

Data Request JCG-2019-06:

State Public Service Commission Fees Included in Taxes Other Than Income Taxes

AEP in response to data request no. JI 1-27 has included State Public Service Commission fees in FERC Account No. 408, Taxes other than income taxes, rather than in FERC Account No. 928, Regulatory commission expenses. In AEP's response to data request no. JI2-4, AEP states: "State Public Service Commission Fee: A charge imposed on users of regulated services, which is used to finance operational cost of the regulatory body (e.g., P.U.C.)" AEP's description does not describe a "tax" that is to be included in either FERC Account 408.1 or FERC Account 408.2 under the Uniform System of Accounts ("USofA"). The USofA provides Special Instructions for the types of expenses that are to be included in each, under Account 408[Reserved]. Those Special Instructions, Accounts 408.1 and 408.2 state the following:

a. These accounts shall include the amounts of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes.
b. These accounts shall be charged in each accounting period with the amounts of taxes which are applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amounts of taxes, the amounts shall be estimated and adjustments made in current accruals as the actual <u>tax levies</u> become known. [underline added]
c. The charges to these accounts shall be made or support so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in these accounts shall be assigned directly to the utility department of operation of which gave rise to the tax so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis after appropriate study to determine such basis.

State Public Service Commission fees, however, are not taxes, (i.e., they are not levies) but are rather fees or charges assessed previously described by AEP to be "A charge imposed on users of regulated services, which is used to finance operational cost of the regulatory body (e.g., P.U.C.)." On that basis, these fees do not qualify as "taxes" but should be charged to FERC Account No. 928.

AEP's decision not to include the State PSC fees in FERC Account No. 928 appears based on a misinterpretation of both: (1) what qualifies as a tax under the USofA to be recorded in FERC Accounts 408.1 and/or 408.2; and (2) the scope of FERC Account No. 928. As referenced previously, AEP stated that the State Public Commission Fees are "A charge imposed on users of regulated services, which is used to finance operational cost of the regulatory body (e.g., P.U.C.)." The USoA instructions are clear, however, that there are types of expenses included in Account 928 other than formal cases. The instructions for FERC Account 928 explicitly state:

a. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for <u>fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees,</u> and also including payments made to the United States for the administration of the Federal Power Act.[underline added]

b. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over future periods shall be charged to account 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

The USofA description above of Account 928 including “payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees” clearly encompasses the State PSC fees that AEP has been assessed or charged.

Furthermore, in the Audit Report issued in FERC Docket No. FA92-15, FERC addressed this issue directly:

> 4. Accounting for Regulatory Commission Expenses
>
> The Company used the wrong account to classify regulatory commission expenses.
>
> The New Mexico Public Service Commission (NMPSC) bills the Company an annual assessment for its inspection and supervision costs.
>
> The Company recorded the NMPSC annual assessment in Account 165, Prepayments, and amortized the amount to Account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, over the subsequent twelve months. It charged $636,038 and $666,161 to Account 408.1, for 1990 and 1991 respectively.
>
> Discussion of Accounting Requirements
>
> The Company did not record the assessment in the proper operating expense account.
>
> The instruction to Account 408.1, Taxes Other Than Income Taxes, Utility Operating Income, state in part:
>
> This account shall include those taxes other than income taxes which relate to utility operating income. . . .

The instructions to Account 928, Regulatory Commission Expense, of the Uniform System of Accounts state in part:

> A. This account shall include all expenses . . . properly includible in utility operation expenses, incurred by the utility in connection with formal cases before regulatory commissions . . . including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission . . . and also including payments made to the United States for the administration of the Federal Power Act. [Emphasis added.]

Under the previously mentioned requirements, the Company should have recorded the regulatory assessment in Account 928, instead of using Account 408.1.

Recommendation

We recommended the Company revise procedures to ensure that it records the NMPSC assessment in Account 928.

JCG’s view is that the same treatment should apply here as was required in Docket No. FA92-15.

Response:

AEP does not agree with this preliminary challenge. Please note the following response to PC-4 submitted by the Joint Customer Group to the True-up of 2018 that was submitted by AEP on March 23, 2020:

'AEP does not agree with this preliminary challenge. The AEP companies have consistently recorded commission expenses in account 408, and believes it is appropriate to do so. This position was not flagged during recent audits performed by FERC staff on the books of the Ohio Power Company and American Electric Power Service Corporation. It has also not been raised as an issue by either the Companies' internal or external auditors. Therefore the Company does not plan to change the accounting for these charges.'

In addition, in regards to the reference to the audit report issued in FERC Docket No. FA92-15, the Company does not consider audit reports issued in dockets involving other public utilities to be precedential to AEP.

Data Request JCG-2019-07:
Recovery of General Plant Depreciation Expense Related to Unapproved Asset Retirement Obligations (AROs)

a. AEP's response to data request no. JI 1-135 indicates that OPCo has included the depreciation expense associated with General Plant ARO in the transmission formula rate. The associated general plant ARO and accumulated depreciation is correctly being removed from the template on the "TCOS" tab, Lines 26 and 37. However, there is no corresponding adjustment for the removal of the associated depreciation expense. The Joint Customer Group challenges the inclusion of unapproved ARO General Plant depreciation expense in its formula rate.

In the Audit Report issued in FERC Docket No. FA12-12, FERC Audit Staff stated:

> It is audit staff's understanding that ARO costs were included in LG&E and KU's formula rate calculation since inception of the formula rate. Based on Commission requirements, audit staff believes no aspect of the ARO should have been included in formula rate billings to wholesale power and transmission customers, absent KU and LG&E seeking approval from the Commission to include ARO amounts in formula rate determinations. This would have afforded the Commission the opportunity to request further information regarding KU and LG&E's accounting and the impacts of including ARO amounts to determine the annual revenue requirement. KU and LG&E should refund amounts previously collected from wholesale power and transmission customers related to their ARO obligations.[4]
>
> AEP has not sought specific approval to include AROs in its transmission formula rates; therefore, all aspects of AROs should be removed accordingly.

b. Similarly, I&M Power, Kingsport Power, and Wheeling Power have included ARO depreciation expense in each of their individual formula rate templates on TCOS Line 101. Joint Customer Group challenges these items for the reason noted in part a of this challenge.

Response:

[4] At P 33.

AEP does not agree with this preliminary challenge. AEP reiterates it's position, as described in the response to the Joint Customer Group's preliminary challenge JCG-2018-12 (related to the true-up of 2018 costs) that the formula, as agreed to by the parties, and approved by the FERC, allows for the recovery of ARO depreciation expense. By virtue of the reference on the Transmission Cost of Service's Lines 98 to 102, each AEP East Operating Company and Transmission Company records the total functional depreciation expense as displayed in column (f) of the Section A table "Summary of Depreciation and Amortization Charges" found on page 336 of the FERC Form 1. This was approved in the initial applications for PJM Formula Rates filed in Docket Nos. ER08-1329 and ER10-355, and the treatment of ARO depreciation expense has been consistent since the formula was initially approved.

The Company notes that comments referencing Commission Staff audit reports issued to other public utilities are not precedential to AEP.

Data Request JCG-2019-08:
Allocation of Accrued Book Pension Expense ADIT in FERC Account No. 190 for KPCo

AEP has reflected an extremely low allocation of Accrued Book Pension Expense to the transmission function on WS B-2 - Actual Statement AG, line 2.14, which is the detail of account 190. The amount for this ADIT item appears to be in error since it reflects that the transmission function is only being allocated $52,032 out of a total $8,949,061 in Accrued Book Pension Expense which results in 0.581% of the total being allocated to the transmission rate base as a reduction. The formula template allocates the underlying Prepaid Pension Benefits prepayment balance of $45,500,106 to the transmission function using the W/S Allocator of 7.824% or allocates $3,559,908 to the transmission rate base as an addition.
It is inequitable and inconsistent for KPCo to allocate 7.824% of the underlying Prepaid Pension Benefits prepayment balance through the transmission formula rate to increase rate base, while only allocating 0.581% of the associated ADIT as a reduction to rate base. Therefore, it appears that there is an error in the calculation of AEP’s functional transmission balance of the Accrued Book Pension Expense ADIT. AEP should allocate the ADIT to transmission on the same basis as the prepaid pension benefits that give rise to the ADIT, or provide copies of all documentation supporting the Company’s functional transmission allocation of this Accrued Book Pension ADIT, which should follow the W/S Allocator of KPCo, since the Company’s Pension costs and associated Prepaid Pension Benefits prepayment amounts should be based on the functional payroll of KPCo.

Response:
AEP disagrees with this preliminary challenge. The formula rate is being followed as approved. The functional balances of these ADIT amounts for prepaid pensions are reflective of the prepaid balance as shown on KPCO's functional books; however, the approved formula utilizes a payroll allocator to determine the amounts of prepaid pension assets to allocate to transmission rate base.

Data Request JCG-2019-09:
Regulated, and Non-Regulated Fuels Accounting, and Fuel Suitability Analysis costs recorded in FERC Account 930.2

AEP has recorded Regulated and Non-Regulated Fuels Accounting, as well as, Fuel Suitability Analysis costs in FERC Account 930.2 (*see* AEP responses to JI 2-23 and JI 1-52, and attachments "JI 2_23 Attachment_1.xlsx" and "JI Set 1-52_Attachment_1.xlsx."). It is unclear whether a portion of these items are included in the amounts that are directly assigned to transmission on the Worksheet F, Subaccount 9302007 – Assoc Business Development Exp of I&M, KPCo, and WPCo. All the costs related to Fuels Accounting and Fuel Suitability Analyses should be recorded to the proper FERC Power Production Account, (*i.e.*, (1) Account 501, Fuel; (2) Account 518, Nuclear Fuel Expense; and/or (3) Account 547, Fuel. If the Fuel Suitability Analyses are not "routine fuel analyses," but are research and development, then they should be recorded in (4) Account 506, Miscellaneous Steam Power Expenses; (5). Account 524, Miscellaneous Nuclear Power Expenses; and/or (6) Account 549, Miscellaneous Other Power Generation Expenses.

These costs are directly related to "Fuels", and should not be recorded in FERC Account 930.2, Miscellaneous General Expenses, where the description of FERC Account 930.2 in the USofA states:

> This account shall include the cost of labor and expenses incurrent in connection with the general management of the utility not provided for elsewhere.

These Fuel related costs are not "labor and expenses incurred in connection with the general management of the utility not provided for elsewhere." They are not "related to" the general management of the utility. They are related to the "production function" of AEP and specifically Fuels. AEP should exclude these Fuels related costs from the ATRR and should reflect them in the appropriate Power Production Account.

Response:
AEP does not agree with this preliminary challenge. The charges identified by the JCG are related to the generation function. Please see JCG-2019-9_Attachment-1, which expands the data provided in JI 2-23 Attachment 1 to report amounts by functional business unit, and demonstrates that the work orders identified by the JGC are associated with the generation business units for the I&M Power, Kentucky Power, and Wheeling Power. The minimal amounts reported in account 9302007 for these three business units would not be included in the amounts shown as recoverable for those companies as the formula utilizes the amounts from the transmission business units.

Please note that because this query originally reflected AEPSC billings, the total for account 9302007 shown here will not tie to the amounts shown as recoverable costs in the formula WSs F because it does not reflect direct charges recorded on each company's books.

Data Request JCG-2019-10:

Failure to Provide Revenue Credits Related to Transource West Virginia Property Rental Revenue

> In reference to AEP's responses to JI 2-35 and JI 1-74, AEP states that the $225,000 of revenue recorded in FERC Account 454 as Rental Payment is the rental revenue from AEP subsidiary, Transource West Virginia for property rental. AEP states: "The monthly rental of $20,500 is a component of a 3 year service agreement (ended Nov 2019) between APCo and AEP Transource West Virginia. The rental provides access and use of APCO distribution facilities and real property, including but not limited to, **laydown yards, storerooms and office space**." [bold added] This rental payment appears to therefore, include rent for "General Plant" facilities which are allocated to the transmission formula rate through the "Wages and Salaries" allocator. This rental payment by Transource West Virginia should **not** be allocated to "Non-Transmission," but should also be allocated to the transmission ATRR in the same manner as the General Plant facilities and expenses.

Response:
AEP does not agree with this preliminary challenge. As described in Note 1 in formula rate worksheet F, the company utilizes the transmission functional books to recognize the amounts of revenue credits reported in the formula rate. Therefore AEP is in compliance with the requirements of the approved formula rate.

Data Request JCG-2019-11:
Failure to Provide Revenue Credits Related to West Virginia Transco Property Rental Revenue

> In reference to AEP's response to JI 2-40, AEP states that the $355,551.97 of revenue recorded in FERC Account 454 as Rental Payment is the rental revenue from AEP subsidiary, West Virginia Transco for property rental. AEP states: "The annual rental is a component of a service agreement beginning 2012 between WPCo and AEP West Virginia Transco. The rental provides access and use of WPCo's distribution facilities and **real property, plus all costs**. The agreement is in effect until terminated by one of the parties." [bold added] This rental payment appears to therefore, include rent for "General Plant" facilities (i.e., real property) and the related "costs" which are allocated to the transmission formula rate through the "Wages and Salaries" allocator. This rental payment by West Virginia Transco should **not** be allocated to "Non-Transmission," but should also be allocated to the transmission ATRR in the same manner as the General Plant facilities and expenses.

Response:
AEP does not agree with this preliminary challenge. As described in Note 1 in formula rate worksheet F, the company utilizes the transmission functional books to recognize the amounts of revenue credits reported in the formula rate. Therefore AEP is compliance with the requirements of the approved formula rate.

Data Request JCG-2019-12:
Incorrect Treatment of CIAC-related ADIT and Deficient ADIT in the Formula Rate Templates

Please refer to the list of CIAC ADIT items included in each of AEP's templates.

APCO - WS B-2 - Actual Stmt. AG

a. Excel Row 21 - 2.05 - CIAC - BOOK RECEIPTS-DISTR -SV - $73,739 (2018)
b. Excel Row 22 - 2.06 - CIAC - BOOK RECEIPTS-TRANS - $178,224 (2018)
c. Excel Row 23 - 2.07 - CIAC - BOOK RECEIPTS-DISTR -SW $128,679 (2018)
d. Excel Row 21 - 2.05 - CIAC - BOOK RECEIPTS-DISTR -SV - $870,682 (2019)
e. Excel Row 22 - 2.06 - CIAC - BOOK RECEIPTS-TRANS - $203,424 (2019)
f. Excel Row 23 - 2.07 - CIAC - BOOK RECEIPTS-DISTR -SW $125,739 (2019)

I&M - WS B-2 - Actual Stmt. AG

a. Excel Row 22 - 2.06 - CIAC - BOOK RECEIPTS - $641,914 (2018)
b. Excel Row 22 - 2.06 - CIAC - BOOK RECEIPTS - $724,864 (2019)

I&M Transco- WS B-2 - Actual Stmt. AG

a. Excel Row 19- 2.03 - CIAC - BOOK RECEIPTS - $763,869 (2018)
b. Excel Row 19- 2.03 - CIAC - BOOK RECEIPTS - $914,475 (2019)

KgPCO - WS B-2 - Actual Stmt. AG

a. Excel Row 18- 2.02 - CIAC - BOOK RECEIPTS - $4,080 (2018)
b. Excel Row 18- 2.02 - CIAC - BOOK RECEIPTS - $10,477 (2019)

KPCO - WS B-2 - Actual Stmt. AG

a. Excel Row 19- 2.03 - CIAC - BOOK RECEIPTS - $64,696 (2018)
b. Excel Row 19- 2.03 - CIAC - BOOK RECEIPTS - $78,968 (2019)

OPCO - WS B-2 - Actual Stmt. AG

a. Excel Row 21- 2.05 - CIAC - BOOK RECEIPTS - $1,141,882 (2018)
b. Excel Row 21- 2.05 - CIAC - BOOK RECEIPTS - $1,904,005 (2019)

WPCo - WS B-2 - Actual Stmt. AG

q. Excel Row 20- 2.04 - CIAC - BOOK RECEIPTS - $253,232 (2018)
r. Excel Row 20- 2.04 - CIAC - BOOK RECEIPTS - $283,472 (2019)

The CIAC amount including gross-up is taxable for income tax purposes. All CIAC associated amounts (plant, accumulated depreciation, ADIT, etc.) are to be excluded from transmission formula rates since the CIAC agreements are not part of the formula rate and only apply to the individual contributor that the CIAC agreement relates. CIAC is not to be socialized for FERC rate making purposes. Specifically, Commission precedent[5] finds that

[5] Tampa Electric Co., et al., 151 FERC ¶ 61,013, at P 65, n.115 (2015) (citing American Mun. Power-Ohio, Inc. v. Ohio Edison Co., 57 FERC ¶ 61,358 (1991), reh'g denied, 58 FERC ¶ 61,182 (1992) and Trailblazer Pipeline Co., 55 FERC ¶ 61,050 (1991)) (stating, "whether taxes are grossed-up or spread out over time, the contributor making the CIAC would pay the full cost of its contribution, including its tax effect, which would be determined as part of that transaction filed with the Commission for approval").

> consistent with our direction in the First Compliance Order, to the extent that Florida Parties propose to account for or recover tax effects of a CIAC, we require the associated tax effect be considered as part of the total project cost in the cost benefit analysis, and therefore include the calculation in their cost recovery provisions. We also remind Florida Parties that the opportunity for recovery of the tax effects of CIACs is at the time that the utility seeks the required Commission approval for that lump sum payment, and **may not be recovered at some later point outside of the transaction from entities other than the contributor** [bold added].

Furthermore, in FERC Docket No. ER19-1503, Entergy requested revisions to its tariff to exclude CIAC ADIT. On August 19, 2019, the Commission determined that:

> 20. We find that the proposed revisions to the MISO Tariff are consistent with cost causation principles and are just and reasonable and not unduly discriminatory. The ADIT Worksheet in the Entergy Operating Companies' transmission formula rate templates generally excludes ADIT subaccounts that do not relate to the Attachment O transmission revenue requirement calculation. As the Filing Parties explain, the proposed changes to the CIAC ADIT Accounts are consistent with the treatment of other sub-accounts under Accounts 190 and 282 that do not impact the revenue requirement calculation.
>
> 21. The CIAC amounts that gave rise to the CIAC-ADIT Accounts offset the expenditures for the projects and thus do not affect the Entergy Operating Companies' annual transmission revenue requirements. **Since the CIAC is not included in the calculation of the annual transmission revenue requirements, we find Entergy's proposal to change the classification of the CIAC ADIT Accounts to similarly exclude the tax effects of the CIAC from the annual transmission revenue requirements is just and reasonable and consistent with cost causation principles** and Commission precedent.

AEP's treatment of the CIAC-related ADIT is inconsistent with the FERC guidance referenced above. AEP's inclusion of the CIAC-related ADIT in rate base essentially recovers the tax effects of CIACs at a later point from entities that were not parties to the CIAC agreement (*i.e.*, socialized to all transmission customers), which is exactly the opposite of the cited FERC precedent. In addition, AEP has inappropriately included CIAC related to distribution plant. Therefore, the Joint Customer Group challenge the inclusion of CIAC-related ADIT in transmission rate base and any associated deficient CIAC-related ADIT resulting from the TCJA that has or will be amortized through the income tax allowance.

Response:

AEP does not agree with this preliminary challenge. In Challenge JCG-2019-12, JCG argues that CIAC-related ADIT should not be included in AEP's transmission rate base. FERC has rejected this argument in a number of recent orders in which FERC held that CIAC-related ADIT may be included in the public utility's annual transmission revenue requirement in accordance with the utility's formula rate template. Specifically, FERC explained that as a general matter, it does not have a general policy of precluding the inclusion of CIAC-related ADIT to be recorded in

Account 282 (Accumulated deferred income taxes –Other property) and that if the public utility's formula rate template contains Account 282, it is permissible for the public utility to include CIAC-related ADIT in its annual transmission revenue requirement. *See, e.g., Ameren Illinois Co.*, 169 FERC ¶ 61,147 at PP 18-21 (2019) (stating that the Commission did not prohibit the inclusion of CIAC-related ADIT recorded in Account 282 in the ATRR); *Ameren Illinois Co.*, 167 FERC ¶ 61,247 at P 32 (2019) ("Regarding CIAC-ADIT, we similarly find this to be a collateral attack on the rate itself" and that the Commission did not prohibit the inclusion of CIAC-related ADIT in Accounts 282 and 283"); PJM Interconnection, PPL Electric Utilities Corp., 167 FERC ¶ 61,083 P 35 (2019) (finding that ADIT related to the gross-up of ADIT was properly included in rate base per the formula rate template and denying the utility's ability to include CIAC-related ADIT in rate base would have resulted in an improper directive to change the utility's formula rate template).

Please note that the case cited by JCG (*Tampa Electric Co., et al.* 151 FERC ¶ 61,013 (2015)) is not relevant to the CIAC-ADIT issue. That case addressed the issue whether CIAC should be grossed up as part of the cost-benefit evaluation of a proposed transmission project in connection with the Order No. 1000 regional planning process. It has nothing to do with the issue of whether ADIT related to CIAC is allowed to be included in the public utility's annual transmission revenue requirement.

Data Request JCG-2019-13:
Unfunded Reserves

In reference to AEP's 2_6 Attachment_1 (see also other related responses JI 2-32, JI Set 1-71, 1-85, 1-98, 1-109, 1-123, 1-141, 1-152, 1-161, 1-172, 1-181, and 1-194) AEP has indicated that it has the following reserve balances (see list below) included on its books related to items where the underlying expense or associated balance (e.g. prepaid pension) was included in the formula rate template. Each of AEP's OpCos and TransCo's include Note Y which 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." With reference to this preliminary challenge, the JCG provides the following explanation as it relates to unfunded reserves included in Accounts 228.1 – 228.4. AEP has failed to provide the customers with a reduction in rate base for the "Unfunded Reserves" associated with each of the accrued items identified in the foregoing data responses. AEP should have recorded each unfunded reserve as a reduction to rate base to reflect the fact that customers fund these accrued "expenses" that have not yet been incurred, and thus are providing a source of cost-free capital to the utility. FERC stated in an order in Docket No. ER14-2751-000 as follows:

> [W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost- free form of financial capital from customers to utilities, not unlike

> accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base.[6]

XEST does not differentiate between long-term contingent liabilities and short-term contingent liabilities. FERC only stated that the unfunded O&M reserves should be recognized as a form of cost-free capital.

Moreover, FERC broadly defines a contingent liability as any liability related to accruing monies from customers through charges to fund "accrued O&M expenses" prior to the Company having to actually pay the costs. Contingent liabilities may be classified as: (1) a current or short-term liability which is to be paid in 12 months or less; (2) a long-term liability that the Company will pay in more than a year; or (3) both a current and a long-term liability because they have both components. All accrued O&M expenses are essentially contingent liabilities.

The formula rate template clearly states that reserves in these accounts shall be included in the formula rate. For the foregoing reasons, the JCG challenges AEP's decision to exclude the following reserves:

APCO

a. Excel Row 9 - 2283000 - Accm Prv for Pensions&Benefits in the amount of $(206,591.08)
b. Excel Row 11 - 2283002 - Supplemental Savings Plan in the amount of $(136,427.40)
c. Excel Row 14 - 2283005 - SFAS 112 Postemployment Benef in the amount of $(11,419,463.04)
d. Excel Row 16 – 2283013 - Incentive Comp Deferral Plan in the amount of $(325,277.91)

I&M

e. Excel Row 9 - 2283000 - Accm Prv for Pensions&Benefits in the amount of $(261,249.13)
f. Excel Row 11 - 2283002 - Supplemental Savings Plan in the amount of $(1,914,897.06)
g. Excel Row 14 - 2283005 - SFAS 112 Postemployment Benef in the amount of $(5,354,696.75)
h. Excel Row 16 - 2283013 - Incentive Comp Deferral Plan in the amount of $(1,323,816.05)

Kentucky

[6] *See Xcel Energy Southwest Transmission Co., LLC*, 149 FERC ¶ 61,182, at P 97 (2014) ("XEST"); *Transource Wisconsin, LLC*, 149 FERC ¶ 61,180, at P 43 (2014); *see also NextEra Energy Transmission West, LLC*, 154 FERC ¶ 61,009, at P 125 (2016) ("[I]n the past the Commission has directed entities to revise their formula rate templates to 'credit any unfunded reserves against rate base.'"). Working capital includes capital supplied by investors (i.e., cash working capital, prepayments, and materials and supplies) and capital supplied by customers (i.e., unfunded reserves).

i. Excel Row 9 - 2283000 - Accm Prv for Pensions&Benefits in the amount of $(167,963.25)
j. Excel Row 11 - 2283002 - Supplemental Savings Plan in the amount of $(39,189.34)
k. Excel Row 14 - 2283005 - SFAS 112 Postemployment Benef in the amount of $(3,660,826.84)
l. Excel Row 16 - 2283013 - Incentive Comp Deferral Plan in the amount of $(43,096.35)

Kingsport

m. Excel Row 14 - 2283005 - SFAS 112 Postemployment Benef in the amount of $(259,597.74)

OPCO

n. Excel Row 9 - 2283000 - Accm Prv for Pensions&Benefits in the amount of $(126,056.93)
o. Excel Row 11 - 2283002 - Supplemental Savings Plan in the amount of $(458,437.06)
p. Excel Row 14 - 2283005 - SFAS 112 Postemployment Benef in the amount of $(5,449,016.24)
q. Excel Row 16 - 2283013 - Incentive Comp Deferral Plan in the amount of $(93,428.23)

Response:

AEP disagrees with the preliminary challenge. While AEP agrees that the XEST case cited does not distinguish between short-term and long-term contingent liabilities, the XEST order specifically limited its discussion to liabilities that are contingent. AEP disagrees with the challenges definition of contingent liabilities. AEP relies on the FERC USofA definition of contingent liabilities which is states: Contingent liabilities include items which *may* under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet.

The items in question represent liabilities that AEP knows *will* occur at the date of the balance sheet and thus are not contingent. Further, the valuation changes recorded for SFAS 112 postemployment benefits in account 2283005 are offset by a regulatory balance sheet account and not included in the formula rate.

Data Request JCG-2019-14:

Ohio Growth Fund - Non Current

In reference to JI Set 2-6, JI 2_6 Attachment_, Tab "Response," Excel Row 27, "2284085 - Ohio Growth Fund - Non Current," it is unclear whether the underlying expense that gave rise to this ADIT was included as a business development expense in the rates. To the extent that the underlying expenses were included in rates, the JCG challenges that this item should be an unfunded reserve.

Response:
AEP does not agree with this preliminary challenge. The expense side of this accrual was recorded in account 4265002 - Other deductions. This account does not flow through the formula rate template.

Data Request JCG-2019-15:
KPCo's Treatment of Asbestos Accruals
In AEP's response to JI Set 2-47 (see also JI 1-94), AEP indicates that KPCO record the asbestos accruals in 2018 and 2019 in Accounts 242 and 253. However, AEP states that "After further consideration, we believe it would be appropriate to record the asbestos accruals in account 228.2, and will reclassify them in Q4 2020."

However, AEP has not indicated that it plans to record this balance as an unfunded reserve offset in the formula rate template. AEP has indicated that the underlying expense was recorded in Account 925, which is included in the transmission formula; therefore, the reserve balance should also be included. To the extent that AEP is not planning to include this balance as an offset, the JCG challenge AEP's treatment of this reserve balance.

Response:
AEP Agrees that the Asbestos Accruals reclassed to account 228.2 in 2020 qualify as an unfunded reserve and will be used to offset rate base. Please see JCG-2019-15 Attachment 1 for a summary of the impact on 2019 true-up revenue requirements based on recognizing these unfunded reserves. The refund of these amounts will be provided as described in the formula protocols found in Attachments H-14 and H-20 of the PJM OATT.

Data Request JCG-2019-16:
Order 864 Compliance

To the extent that the outcome of AEP's pending TCJA filing in FERC Docket Nos. ER20-1886 and ER20-1888 affects amounts included in the 2020 OpCo and TransCo Updates, the JCG reserves the right to challenge items included under AEP's Order 864 compliance filing as it relates to this update.

Response:
The Company neither agrees nor disagrees with this preliminary challenge. The JCG's ability to address their concerns as they arise out of the FERC's ruling in the Company's order 864 applications will be governed by the Commission's administrative rules.

Resolved Preliminary Challenges

Data Request JCG-2019-01 - PC II:
Missing Revenue Credits
AEP's response to JI Set 1-43 states, "There were five payments made to Operating Companies for ROW use by utility pipelines. As shown in JI Set 1-43 Attachment 1, four of these items were for payments on non-transmission plant and would not be a revenue credit to the formula rate of the receiving company. A fifth payment was for assets owned by Ohio Power Company's transmission function and was included as a credit on W/S E for OPCo. However, in the preparation of this response, it was determined that one of the payments was incorrectly recorded to APCO non-transmission and should have been recorded as OPCo transmission and a $1,200 revenue credit should have been included in the OPCo formula rate. A $1,200 adjustment will be made in 2020 and picked up as a credit in the 2020 true-up."

Response:
A $1,200 adjustment will be made in 2020 and picked up as a credit in the 2020 true-up.

Data Request JCG-2019-02 - PC II:
Formula Template Error – Regional Market Expenses

a. In reference to JI Set 1-68, APCO's "TCOS" tab, Line 139, Regional Market Expenses, Total, Excel Cell H236 has an input rather than a formula. AEP's response to JI Set 1-68 states, "The cell should be a formula and will be corrected but has no impact on the rate."
b. In reference to JI Set 1-83, I&M's "TCOS" tab, Line 139, Regional Market Expenses, Excel Cell H236 has an input rather than a formula. AEP's response to JI Set 1-83 states, "The cell should be a formula and will be corrected but has no impact on the rate."
c. In reference to JI Set 1-97, KPCO's "TCOS" tab, Line 139, Regional Market Expenses, Excel Cell H236 has an input rather than a formula. AEP's response to JI Set 1-97 states, "The cell should be a formula and will be corrected but has no impact on the rate."
d. In reference to JI Set 1-105, KNGPT's "TCOS" tab, Line 139, Regional Market Expenses, Excel Cell H236 has an input rather than a formula. AEP's response to JI Set 1-105 states, "The cell should be a formula and will be corrected but has no impact on the rate."
e. In reference to JI Set 1-119, OPCO's "TCOS" tab, Line 139, Regional Market Expenses, Excel Cell H236 has an input rather than a formula. AEP's response to JI Set 1-119 states, "The cell should be a formula and will be corrected but has no impact on the rate."
f. In reference to JI Set 1-140, WPCO's "TCOS" tab, Line 139, Regional Market Expenses, AEP agrees Excel Cell H236 should reflect a formula rather than an input. AEP's response to JI Set 1-140 states, "The cell should be a formula and will be corrected but has no impact on the rate."

Response:
Cell H236 is now an input for all Operating Companies and is fixed in the templates going forward.

Data Request JCG-2019-03 - PC II:
Formula Template Error – ARO Related Deferrals
In reference to JI Set 1-69, APCO's "WS B ADIT & ITC" tab, Line 3, Less: ARO Related Deferrals, Balance @ December 31, 2018, has an inputted value in Excel Cell G18 rather than a link as stated in the source in Excel Column D. AEP's response to JI Set 1-69 states, "The cell should be a formula and will be corrected but has no impact on the rate.

Response:
Cell G18 is now a link and APCO's "WS B ADIT & ITC" tab. This has been fixed in the template going forward.

Data Request JCG-2019-04 - PC II:
Formula Template Error – Working Capital - Prepaid Carry Cost-Factored AR
In reference to JI Set 1-87, I&M's "WS C – Working Capital" tab, Excel Cells K45 and K74, Account 1650009 - Prepaid Carry Cost-Factored AR, AEP agrees these inputted values should properly reflect formulas and states, "The cells should be a formula and will be corrected but has no impact on the rate."

Response:
Cells K45 and K74 have been corrected to reflect formulas.

Data Request JCG-2019-05 - PC II:
Formula Template Error – Depreciation Docket Reference

a. In reference to JI Set 1-91, I&M's "IMC - WS P Dep. Rates" tab, AEP filed revised depreciation rates under FERC Docket No. ER18-2277 for Indiana Michigan Power Company, however it appears that AEP did not update the footnotes to reflect the new state rate case dockets in which the depreciation rates were approved as shown in AEP's FERC filing. In response to JI Set 1-91, AEP states, "The depreciation rates tab has been updated with the appropriate footnotes. See JI Set 1-91_Attachment_1 for corrected footnote."
b. In reference to JI Set 1-185, KYTCO's "WS P Dep. Rates" tab, AEP filed revised depreciation rates under FERC Docket No. ER18-2277 for AEP Kentucky Transmission Company, however it appears that AEP did not update the rate for Row 17 – Account 350.1 Land Rights to reflect 1.44% in accordance with its FERC filing. AEP intends to correct the rate in the template and states, "Please see JI Set 1-185 Attachment 1 for updated WS P."

Response:
A. The IMC - WS P Dep. Rates tab has been updated to reflect the revised depreciation rates filed under FERC Docket No. ER18-2277. The worksheet has been corrected going forward.
B. Row 17 in the KYTCO's WS P Dep. Rates tab has been updated to reflect 1.44% in account 350.1 land rights. The worksheet has been corrected going forward.

Data Request JCG-2019-06 - PC II:
Formula Template Error – Accounting Entries
In reference to JI Set 1-111, KNGPT's WS B-3" tab, Line 3, Total for Accounting Entries, agrees to update the values in Excel Cells I30 and J30 to be formulas rather than inputs. AEP's response to JI Set 1-111 states, "The cell should be a formula and will be corrected but has no impact on the rate."

Response:
AEP has updated excel cells I30 and J30 to be formulas. This correction has been applied to future templates.

Data Request JCG-2019-07 - PC II:
Formula Template Error – Rate Base
In reference to JI Set 1-116, OPCO's "TCOS" tab, Line 68, Rate Base, AEP agrees to correct the link to WS B ADIT & ITC Cell L106 in the rate base formula in Excel Cell L125 and states, "The link will be corrected but has no impact on the rate."

Response:
AEP has corrected the link in WS B ADIT & ITC Cell L106. This correction has been applied to future templates.

Data Request JCG-2019-08 - PC II:
Formula Template Error – Production ARO
In reference to JI Set 1-120, OPCO's "WS A – RB Support" tab, Line 14, Production ARO Total, AEP agrees Excel Cell D23 should be updated to a formula rather than an input and states, "The cell should be a formula and will be corrected but has no impact on the rate."

Response:
AEP has fixed Cell D23 to be a formula. This correction has been applied to future templates.

Data Request JCG-2019-09 - PC II:
Formula Template Error - WS B-1 Actual Statement AF
In reference to JI Set 1-142, WPCO's "WS B-1 Actual Statement AF" tab, Excel Cells A29:A53, the line numbers shown need correction. AEP's response to JI Set 1-142 states, "The line numbers have been corrected."

Response:
The line numbers shown in WPCO's "WS B-1 Actual Statement AF" tab have been fixed. This correction has been applied to future templates.

Data Request JCG-2019-10 - PC II:
Formula Template Error – Working Capital – Prepaid Taxes

a. In reference to JI Set 1-144, WPCO's "WS C – Working Capital" tab, Excel Cell K40, Account 165000219 - Prepaid Taxes, AEP agrees the inputted value in the cell should reflect a formula. AEP states, "The cell should be a formula and will be corrected but has no impact on the rate."

b. In reference to JI Set 1-145, WPCO's "WS C – Working Capital" tab, Excel Cell K60, Account 165000218 - Prepaid Taxes, AEP agrees the inputted value in the cell should reflect a formula. AEP states, "The cell should be a formula and will be corrected but has no impact on the rate."

Response:
A. WPCO's "WS C – Working Capital" tab, Excel Cell K40, Account 165000219 - Prepaid Taxes has been corrected to reflect a formula. This correction has been applied to future templates.
B. WPCO's "WS C – Working Capital" tab, Excel Cell K60, Account 165000218 - Prepaid Taxes has been corrected to reflect a formula. This correction has been applied to future templates.

Data Request JCG-2019-11 - PC II:
Formula Template Error - WS B ADIT & ITC

a. In reference to JI Set 1-150, IMTCO's "WS B ADIT & ITC" tab, AEP agrees the inputted values in Excel Cells E17, E18, E19, E27, E35, E43, E52, G17, G18, G19, G27, G35, G43, and G52 should reflect formulas to the respective references as the "Source" states Column B. AEP states, "The cell should be a formula and will be corrected but has no impact on the rate."

b. In reference to JI Set 1-158, OPTCO's "WS B ADIT & ITC" tab, Line 25, Transmission Related Deferrals, AEP agrees the inputted values in Excel Cells E52 and G52 should be updated to links to the "Source" as stated in Column B and states, "The cell should be a formula and will be corrected but has no impact on the rate."

c. In reference to JI Set 1-168, WVTCO's WS B ADIT & ITC" tab, Excel Cells E17, E18, E19, G17, G18, and G19, AEP states, "These cells were referencing a source file used for the PTRR and have been corrected to reference WS B-1. These values were all zero and had no impact on revenue requirement."

d. In reference to JI Set 1-169, WVTCO's "WS B ADIT & ITC" tab, AEP agrees Excel Cells E27, E35, E43, E52, G27, G35, G43, and G52 should reflect links as referenced in the "Source" Column B. AEP states, "The cell should be a formula and will be corrected but has no impact on the rate."

e. In reference to JI Set 1-178, KYTCO's "WS B ADIT & ITC" tab, Line 25, Transmission Related Deferrals, AEP agrees Excel Cells E52 and G52 should reflect links as stated in the "Source" Column B. AEP states, "The cell should be a formula and will be corrected but has no impact on the rate."

Response:
A. IMTCO's "WS B ADIT & ITC" tab, AEP has updated the inputted values in Excel Cells E17, E18, E19, E27, E35, E43, E52, G17, G18, G19, G27, G35, G43, and G52 to reflect formulas that link to source. This correction has been applied to future templates.
B. OPTCO's "WS B ADIT & ITC" tab, Line 25, Transmission Related Deferrals, AEP has updated the inputted values in Excel Cells E52 and G52 to reflect formulas that link to source. This correction has been applied to future templates.
C. WVTCO's WS B ADIT & ITC" tab, Excel Cells E17, E18, E19, G17, G18, and G19 have been updated to formulas that link to source. This correction has been applied to future templates.
D.WVTCO's "WS B ADIT & ITC" tab, Excel Cells E27, E35, E43, E52, G27, G35, G43, and G52 have been updated to formulas that link to source. This correction has been applied to future templates.
E. KYTCO's "WS B ADIT & ITC" tab, Line 25, Transmission Related Deferrals, Cells E52 and G52 have been updated to formulas that link to source. This correction has been applied to future templates.

Data Request JCG-2019-12 - PC II:
Corporate Membership Dues Charged to Account 566 instead of Account 930.2
In reference to JI Set 1-93 and JI Set 2-44, AEP states, "employee memberships should be recorded to Account 566. The charges for the North American Transmission Forum Inc. dues are for a corporate membership that was charged to Account 566 instead of Account 930.2. The Company will include, in the true-up of 2020 charges to be filed in May of 2021, an adjustment to reflect the difference in revenue requirement due to these items being allocated in account 566 vs. 930.2." AEP's response indicates that it agrees to remove $21,381.58 from Account 566.

Response:
The 2020 true-up will reflect the difference in revenue requirement. $21,381.58 will be removed from Account 566.