AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 1:
Please provide copies of data requests submitted by any other interested parties related to the 2023 Annual Updates and AEP's responses to any such data requests. Please provide this information on a continuing basis.

Response:
No other requests have been submitted.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 2:
Please identify by nature and amount any errors that AEP has identified in any of the 2023 Updates. If so, describe the error or correction and its effect on the relevant ATRR and specify AEP's plans for correcting each such error.

Response:
AEP identified one error in WPCo's true-up. Account 4560012 had a transmission balance of $199,997.07 and was not included in the transmission calculation on the revenue credits tab. This error would reduce the revenue requirement by its full balance of $199,997.07. A correction will be made in the 2024 PTRR FR Summary.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 3:
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 2022. 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-1-3 Attachment 1 for charges by account representing write-offs of activity from the 107 account. 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.

Date: 10/16/2023

Responses to JOINT
Set JI-1 of Data Requests

Data Request 4:
Please identify for each of the OpCos and TransCos if the company had any one-time reclassifications or write-offs from FERC Account 183, Preliminary Survey and Investigation Charges ("PSIC") or FERC Account 107, Construction Work in Progress ("CWIP") (with the amounts of each credit specified) to FERC O&M or A&G accounts or other account (the offsetting debits with the FERC account number and amounts of each debit specified) related to construction or PSIC costs for certain scopes of construction work or feasibility studies that were not pursued for abandoned, cancelled, postponed or rescoped CWIP projects or PSIC studies in 2022? If so, for each OpCo's or TransCo's one-time reclassification or write-off of either CWIP or PSIC costs, please provide the following:
a.: Describe the scopes of construction work or feasibility studies that were not pursued and/or rescoped;
b.: State the reasoning behind why they were not pursued or rescoped;
c.: Explain why these amounts were not written off to Account 426.5;
d.: Explain whether AEP East obtained FERC approval to reclassify or write-off the construction work or feasibility study costs and if so, provide a copy of the FERC order authorizing the reclassification or write-off;
e.: If the response to part d of this question is no FERC approval was obtained, explain why AEP East did not obtain FERC authorization to reclassify or write-off amounts from Account 107, CWIP, or Account 183, PSIC; and
f.: Identify the FERC account and associated amounts recorded by project or feasibility study and where the reclassifications or write-offs were recorded.

Response:
Please see the Company's response to Date Request JI-1-3 for a discussion of 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.
Please see JI-1-4 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 5660000 or 1861060 for the East Operating Companies, and 9230003 for the East Transmission Companies.
Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 5:
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, 2022. 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 2022 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, 2022. 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, 2022.
b. There were no goodwill adjustments to the income statements identified during 2022 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.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 7:
For each OpCo or TransCo, please identify any costs incurred in 2022 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 2022 and associated FERC account.

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

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 8:
In relation to any 2022 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.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 9:
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 reference JI-1-09 Attachment 1 for the requested information. Please note that no east Transcos had activity recorded to account 228.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 10:
For each OpCo, please list any grandfathered point-to-point contracts that are included in the load divisor and provide the associated amount of revenues in 2022 associated with those contracts.

Response:
There are no grandfathered point-to-point contracts included in the load divisor.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 11:
For each OpCo and TransCo, please list any rental revenues earned on assets included in General Plant and identify where such revenues are included in the formula rate templates.

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.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 12:
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:
Please see JI-1-12 Attachment 1

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 13:
Please identify all charitable donation expenditures incurred during 2022 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 2022;
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 2022 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 2022 that have been included in any of the OpCo and/or TransCo formula rate updates, please identify the FERC Account(s)where such expenses were booked and their associated amounts.

Response:
Please see JI-1-13 Attachment 1_Pivot Tab for the listing of each OPCO's and Transco's invoice payments in 2022 for the items listed in question 13. Please see JI-1-13 Attachment 2_Non-AP Pivot tab shows all non-Accounts Payable corporate contributions of each OPCO and Transco; the SCB Pivot tab shows detailed Service Corp activity billed to the OPCO's and Transco's related to corporate contributions.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 14:
Please identify all expenditures for lobbying and other civic, political and related activities incurred during 2022 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 2022;
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 2022 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 2022 that have been included in any of the OpCo and/or TransCo formula rate updates, please identify the FERC Account(s) where such expenses were booked and their associated amounts.

Response:
Please see JI-1-14 Attachment 1_Acct 4264 Pivot Tab for the listing of each OPCO's and Transco's expenditures in 2022 for the items listed in question 14. 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.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 15:
For each OpCo and Transco, please provide any accounting error detected after initial closing for the year end or quarterly reporting period during 2022 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 see JI-1-15 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 16:
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 2022 and 2023 to-date.

Response:
The company has not made a pension contribution in 2022 or 2023.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 17:
Please identify all FERC accounts used by each OpCo and TransCo to record pension expense, accruals, deferrals, or other balance sheet items in 2022. To the extent it is not already discussed in the responses provided, please explain the nature of the costs identified.

Response:
Account - Name - Description
1650010 - Prepaid Pension Benefits - This account record the cumulative balance of contributions to the qualified pension offset by actuarially determined cost.
1650014 - FAS 158 Qual Contra Asset -This account is used to track the long term portion of the FAS 158 PBO liability (Projected Benefit Obligation) for the Qualified Pension Plan when the net plan is still prepaid. This account offsets account 1650010.
1823165 - REG ASSET FAS 158 QUAL PLAN - This account is used to track Other Comprehensive Income (OCI) - Minimum Pension Liability, Qualified Pension Plan for regulated business units (SFAS 71).
2540165 - REG LIAB FAS 158 QUAL PLAN - This account is used to track Other Comprehensive Income (OCI) - Minimum Pension Liability, Qualified Pension Plan for regulated business units (SFAS 71).
2190006 - OCI-Min Pen Liab FAS 158-Qual - This account is used to track Other Comprehensive Income (OCI) - Minimum Pension Liability for the Qualified Retirement plan for non-regulated business units.
1900010 - ADIT Federal - Pension OCI - This account will be used to record Pension related accumulated deferred federal income tax related to Other Comprehensive Income (OCI) as required by SFAS 87 for non-regulated business units.
1290000 - Pension Net Funded Position - Pension net funded position will be recorded in this account per FERC Guidance on implementation of FAS 158.
1290003 - SFAS 87 - Pension - This account shall include provisions made by the utility and amounts contributed by employees for pensions where the funds are included in the assets of the utility. This account is used if the Pension is in an overfunded position. The 2283006 account is used if the pension is underfunded.
2283016 - FAS 158 Qual Payable Long Term - This account is used to track the long term portion of the FAS 158 PBO liability (Projected Benefit Obligation) for the Qualified Pension Plan.
2283006 - SFAS 87 - Pensions - This account shall include provisions made by the utility and amounts contributed by employees for pensions where the funds are included in the assets of the utility.
9260003 - Pension Plan - To record the Service components of the Qualified Pension plan cost.
9260062 - Pension Plan - Non-Service - To record the Non-Service components of the Qualified Pension plan cost.
Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 18:
State whether AEP incurred or paid any monetary penalties for violations of North American Electric Reliability Corporation ("NERC") Reliability Standards during 2022. 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 2022.

Response:
AEP did not record any NERC penalties in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 19:
In reference to the Prepaid Pension Benefit (i.e. Prepaid Pension Benefits and FAS 158 Qual Contra Asset) included in the December 31, 2022, 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, including the components that are included in each balance and their associated amounts.
d.: State whether each component in (b) above is 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. See attachment JI-1-19 Attachment 1 for a roll-forward of the AEP prepaid pension asset for 2022.
b. The company did not make a contribution to the AEP qualified pension plan in 2022.
c. The prepaid account is the cumulative balance of cash contributions the AEP pension plan offset by actuarially determined cost.
d. and e. The AEP qualified pension assets are held in a trust at Bank of New York Mellon.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 20:
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 2022 True-Up calculation. In addition, please provide copies of any related amendments to such plans in 2022.

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. 19 and the actuarial reports provided. 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.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 21:
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 2022 True-Up calculation. In addition, please provide copies of any related amendments to such plans in 2022.

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. 19 and the actuarial reports provided. 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.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 22:
State whether, in the 2021-2022 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 including any impacted FERC accounts and accounting entries, 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 that affected the manner in which costs or revenues reflected in the OPCo or TransCo ATRR calculations are recorded.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 23:
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 2023 Updates.

Response:
The Company has engaged Price Waterhouse Coopers to audit the OpCo and TransCo GAAP financial statements for inclusion in AEP's 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 2022 and 2023 there were internal audits covering Transmission Formula Rate Billings and Transmission 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 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 24:
Please provide information identifying, by account, any costs reflected in the 2022 ATRR calculation for any OpCo or TransCo that were incurred, or the basis for which occurred, before January 1, 2022. Explain the reasons for including such prior-period costs in the 2022 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 see JI-1-24 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 25:
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. AEP uses 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 AEP affiliates or third-party vendors to provide necessary services. All services provided to affiliates are billed at cost. Labor charges billed between AEP affiliates represent the fully loaded cost of labor, inclusive of benefits and administrative costs. Please refer to JI-1-25 Attachment 1 for the requested information.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 26:
Please provide a discussion of any amended Federal income tax returns filed during 2022 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:
In 2022 there weren't any amended federal income tax returns filed.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 27:
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-1-27 Attachment 1 which shows the ARO's that are reflected in the ADIT balances.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 28:
In reference to AEP's request for approval from the Federal Energy Regulatory Commission (FERC) of Liberty's acquisition of the Kentucky Companies under Docket Nos EC23-56 and EC22-26, for each OpCo and TransCo, please provided the following:
a.: Identify all costs, by FERC Account, associated with these dockets related to the potential AEP-Liberty transaction, including costs and efforts to attempt to consummate the transaction, internal and external costs of due diligence (e.g. Executive, Accounting, HR, employee labor, taxes, benefits, employee bonuses, executive rewards/compensation etc.), legal and other professional/third-party support to evaluate and execute the transaction, internal labor (including all labor incurred at AEPSC, corporate or any other AEP affiliate) and any expenses or labor incurred to obtain the requisite regulatory approvals (state and federal).
b.: A detailed explanation as to whether AEP incurred any fines/penalties that AEP was obligated to pay Liberty associated with withdrawing the application/transaction and failing to obtain approvals for the transaction.
c.: Identify where in each template the amounts identified in subparts a. and b. were removed for each template.
d.: 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 East OpCos and TransCos were not billed any costs related to Liberty's proposed acquisition of the Kentucky Companies under FERC Docket Nos. EC23-56 and EC 22-26.
b. The company paid no fines or penalties to Liberty.
c. N/A
d. A unique work order (work order N100NICK01) was established and provided to employees to track costs related to the proposed acquisition.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 29:
For each OpCo, please provide a detailed discussion of the accounting for leases included in the 2022 FERC Form 1s. In addition, please discuss any change in accounting policies for leases since 2021 and verify whether any OpCo implements accounting practices to capture the non-principal portion of transmission, distribution, or production related capital lease payments within Account 931 or any other A&G account.

Response:
There has been only one change in accounting policy for leases since 2020. Regulated capital lease interest expense hitting O & M accounts has been reclassed to account 9310005 since 2019. This process changed in 2QTR 2022 based on FERC's directive.
The reclassification will move the reporting of interest on capital leases as "interest expense" from GAAP and FERC reporting to GAAP reporting only. After the reclassification, FERC reporting will reflect interest on capital leases (non-principal portion of lease payments) in the natural O&M accounts they are charged to through the normal processes for fleet and IT capital leases.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 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-1-30 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 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-1-31 Attachment 1 for FERC accounts where AEP Service Corporation depreciation expense is billed to each OpCo and TransCo.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 32:
In reference to construction projects under construction in 2021 and placed into service in 2022, for each OpCo and TransCo, please
a.: Quantify the amount of pension expense capitalized to construction projects in 2022; and
b.: Quantify the amount of pension contributions made to external trusts in 2022.

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-1-32 Attachment 1 along with the annual expense as provided by Willis Towers Watson actuarial report on the AEP website.
b. The company did not make a pension contribution in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 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 -2022 Form 60 of the Centralized Service Companies:
a.: Please provide the complete calculation of the reported amounts for depreciation expense and amortization expense for 2022 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-1-33 Attachment 1 for the requested information.
b. Each depreciation group shown in JI-1-33 Attachment 1 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-1-33 Attachment 1 include a component for future net salvage.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 34:
In relation to any violations of city codes or ordinances, please identify the FERC account(s) and associated amounts where each OpCo or TransCo recorded any expenses associated with violations of city codes or ordinances. To the extent that any amounts were included in accounts included in the formula rate template, please identify where these amounts were removed from rates.

Response:
There were no payments resulting from violations of city codes or ordinances in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 35:
Please specify the FERC account number(s) in which AEP East records payments and expenses resulting from employment practices that were found to be discriminatory by a judicial or administrative decree or that were the result of a compromise settlement or consent decree, and quantify any such amounts recorded by AEP East by FERC Account during 2022. For purposes of this request, such payments or expenses encompass amounts paid in compliance with any judgment or decree or in settlement of claims, and shall include the following:
a.: Fines or penalties related to judicial or administrative decree imposed by governmental authorities;
b.: Legal fees reimbursed to the plaintiffs;
c.: In-house and outside legal costs in unsuccessful defense against charges of discriminatory practices;
d.: Damage awards to plaintiffs;
e.: Duplicate labor cost, such as back pay, bonus or other pay awards to plaintiffs where other employees have already been paid by the utility for prior services; and
f.: Cost of reporting, training and recruiting undertaken as a result of a court order, administrative decree or settlement which are in addition to those which otherwise would be incurred to assure continuing equal employment opportunity.

Response:
Not applicable. The rate updates in this case do not include any such payments, expenses, penalties, or fines.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 36:
Please explain if AEP's consolidated tax allocation agreement allows the allocation of the parent company tax loss to an entity that does not use the loss in the current income tax return or an amended tax return. If it is permitted under the tax allocation agreement, please (i) provide the accounting on the OpCos' and TransCos' books for parent company current losses not used in the current tax return (or an amended tax return) and (ii) explain the associated rate base impact in the transmission formula rate.

Response:
AEP's consolidated tax allocation agreement does not allow the allocation of the parent company tax loss to an entity that does not use the loss in the current tax return or an amended tax return. Parent losses are only allocated to members with current year income.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 37:
In relation to Vendors or Other Persons expenses included in FERC Accounts 560-573 and Accounts 920-935, for each OpCo or TransCo, please provide the following
a.: Provide the identities of all vendors or other persons that received payments included in these accounts, including detailed descriptions of services, line item details, broken down by transaction, date of payment, vendor name, amount of payment, purpose of payment, journal entry details etc. in Excel format by FERC account.
b.: Separately identify any category the vendors in subpart a. fall under (i.e. advertising expenses relating to promotional, institutional or civic memberships and other O&M expenses).

Response:
The Companies object to this request as it is overly broad and voluminous.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 38:
To the extent AEP Service Company's ("AEPSC") current and/or deferred income taxes are included in billings to the OpCos and TransCos, please explain
a.: Whether the current and deferred taxes of all items are included in billing. If not, explain which current and deferred tax items are billed and not billed.
b.: The FERC account(s) the OpCos and TransCos record income tax billings.
c.: Whether the billings in 2022 or prior years include adjustments to AEPSC's deferred tax balances associated with the Tax Cuts and Jobs Act of 2017. If so, provide the annual amounts of the adjustments.

Response:
a. All AEPSC taxes are included in the billings to the OpCos and Transcos.
b. When the taxes are billed to the affiliates for their share of the AEPSC taxes, the FERC Account is 9230003.
c. The AEPSC billings do include excess amortization. In 2022, the amount of the excess benefit was $1.5M.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 39:
In reference to each of the OpCo's, in relation to property taxes, please
a.: Verify whether Real Estate and Personal Property Taxes continue to be incurred at property locations where generating units or plants were retired during 2022, and if so, will these taxes continue to be incurred at the same level after the retirement?
b.: Identify and provide a detailed breakdown of any Real Estate and Personal Property Taxes which are included in the 2022 FERC Form 1, Page 114-117, Line 14, Column (c) that were incurred and booked for any generating unit that was retired during 2022 or prior to 2022.
c.: Identify the date of retirement for any unit in subpart b.

Response:
The Company does not book taxes on a generation plant unit basis in FERC Form.
a) No generating units were retired during 2022 for the OpCos; therefore; there are no associated property taxes to report.
b) Appalachian Power - The amounts below were incurred in 2022 and will continue at approximately this level until the buildings are razed or sold.
Clinch River Unit 3, VA - $3,882
Glen Lyn Plant, VA - $34,747
c) Clinch River Plant- Unit 3 and Glen Lyn Plant were retired in May 2015.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 40:
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 2022 FERC Form 1s and to the revenue credits included in the 2022 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 were two payments made to Operating Companies for ROW use. As shown in JI-1-40 Attachment 1, these items were for reported as payments on non-transmission plant and therefore not a revenue credit to the formula rate of the receiving company. However, it was determined that the payment made for ROW use on WPCo was inadvertently reported on WS E as Non-Transmission when in fact it was Transmission. An adjustment for $200,000 will be made to the revenue requirement in the 2024 update.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 41:
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 2022.
c.: Number of spares retired and/or scrapped.
d.: Number of spares placed into service in 2022 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 following amounts were spent on spares and are all recorded in FERC plant account 353:

- Trans - $13,702,725.65
- Transco - $2,185,809.91

b. Number of spares purchased in 2022 was 7 total spares.
c. 38 Spares were scrapped/discarded in 2022.
d. Please see JI 1-41 Attachment 1 for the requested information.
e. There were two transfers of spare transformers: one from I&M to APCo with a NBV of $872K; the second was from APCo to Ohio Power with a NBV of $150K. Both of these assets are recorded in FERC plant subaccount 353.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 42:
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 the requested information in JI-1-42 Attachment 1.
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% Transmission and 5% 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 telecommunications 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-1-42 Attachment 1, but rather on actual costs recorded in the Companies' books associated with either distribution or transmission functions, as applicable.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 43:
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. & b. Please see JI-1-43 Attachment 1.
c. The companies do not record labor costs by facility.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 44:
For each AEP East OpCo and TransCo, please identify the following related to major destructive events (i.e., storms, fires, etc.) in 2022:

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:
a. There were no major destructive transmission related events identified for the East OpCos' or Transco's in 2022.
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: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 45:
Please identify and quantify any extraordinary Transmission O&M expenses for 2022 included in the 2022 True-Up calculation for each OpCo and TransCo.

Response:
Please refer to JI-1-45 Attachment 1 for detailed listing of expenses, recorded in Transmission O&M accounts for 2022, that are outside the normal recurring transactions recorded for each OpCo and TransCo.

Date: 10/16/2023

Responses to JOINT
Set JI-1 of Data Requests

Data Request 46:
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 2022 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. KgPCo in the amount of $0
b. AP TransCo in the amount of $0
c. IM TransCo in the amount of $0
d. KY TransCo in the amount of $0
e. OH TransCo in the amount of $0
f. WV TransCo in the amount of $0

Response:
For account 183, please see the response to JI-1-4. Account 182.2 was zero in 2022 for all east companies, because there were no Unrecovered Plant and Regulatory Study Costs in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 47:
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 refer to JI-1-47 Attachment 1. Note that the request was updated to include 2022 addition amounts - the amounts in the question are the same as last year (2021 additions).

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 48:
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 2022.

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

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 49:
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 2022.
c.: The primary function(s) served by the software: general and administrative, production, distribution, or transmission.

Response:
a. Please see attachment JI-1-49 Attachment 1.
b. Software system maintenance is primarily recorded to FERC Account 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: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 50:
Please identify all expenses that were recorded in Transmission O&M or A&G Expense accounts in 2022 that were incurred prior to 2022 and recorded in other O&M expense accounts and state the basis for the change in expense reporting.

Response:
Please see JI-1-50 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 51:
Please identify (by FERC Account and amount) all costs included in Transmission, Intangible or General Plant accounts in the 2022 true-up that, prior to 2022, 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-1-51 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 52:
For each OpCo, refer to the 2022 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 in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 53:
For each OpCo, please provide an explanation and a detailed tabulation of how the accumulated depreciation, as shown in the 2022 FERC Form 1, Page 219, Lines 20-24, Column (b) was adjusted for each generating unit/plant retired during 2022.

Response:
There were no generating units/plants retired in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 54:
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 2022, and if so will these taxes continue to be incurred at the same level after the retirement?

Response:
No generating units were retired during 2022 for the OpCos; therefore; there are no associated property taxes to report.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 55:
For each TransCo, “WS O” tab, Cell D16, please provide a detailed description of what the manual adjustment of $789,694 represents and any supporting documentation for this amount.

Response:
The manual adjustment comes from page 30 of the Towers Watson "AEP Actuarial Report UMWA YE 2022" report posted on the AEP website.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 56:
For each OpCo and TransCo, please provide a 5-year projection of PBOP expenses for 2023 – 2027.

Response:
The 5 year forecast for 2023-2027 is as follows:
Appalachian Power Co.

2023	(16,041,000)
2024	(9,880,000)
2025	(9,491,000)
2026	(10,585,000)
2027	(11,713,000)

Indiana Michigan Power Co.

2023	(13,144,000)
2024	(7,715,000)
2025	(7,236,000)
2026	(8,093,000)
2027	(8,982,000)

Kentucky Power Co.

2023	(3,282,000)
2024	(1,994,000)
2025	(1,875,000)
2026	(2,070,000)
2027	(2,267,000)

Ohio Power Co.

2023	(11,337,000)
2024	(7,132,000)
2025	(6,914,000)
2026	(7,693,000)
2027	(8,496,000)

Kingsport Power Co.

2023	(359,000)
2024	(231,000)
2025	(229,000)
2026	(258,000)

2027	(288,000)

Wheeling Power Co.

2023	(1,220,000)
2024	(946,000)
2025	(849,000)
2026	(960,000)
2027	(1,082,000)

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 57:
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 2022.

Response:
a. Please see JI-1-57 Attachment 1 AEPSC for detail of AEPSC billings and JI-1-57 Attachment 2 Intercompany for detail of Intercompany billings to each OpCo and Transco for the year 2022.
b. Please see JI-1-57 Attachment 3 (Master Cam Document-12-31-22).

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 58:
For each OpCo and TransCo, refer to the 2022 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 2022, including name, description of cost item and amount:

a.: APCo in the amount of $23,134,029
b.: I&M in the amount of $2,115,573
c.: KPCo in the amount of $884,015
d.: KgPCO in the amount of $63,242
e.: OPCo in the amount of $(4,522,443)
f.: WPCo in the amount of $110,756
g.: AP TransCo in the amount of $64,571
h.: IM TransCo in the amount of $2,117,031
i.: KY TransCo in the amount of $238,392
j.: OH TransCo in the amount of $4,271,100
k.: WV TransCo in the amount of $4,070,365

Response:
Please see JI-1-58 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 59:
For each OpCo and TransCo, refer to the 2022 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 2022, including name, description of cost item and amount.
a. APCo in the amount of $20,782,504
b. I&M in the amount of $13,172,983
c. KPCo in the amount of $4,206,731
d. KgPCo in the amount of $425,559
e. OPCo in the amount of $13,442,167
f. WPCo in the amount of $1,905,214
g. AP TransCo in the amount of $348,032
h. IM TransCo in the amount of $3,096,465
i. KY TransCo in the amount of $329,963
j. OH TransCo in the amount of $5,261,655
k. WV TransCo in the amount of $2,034,718

Response:
Please see JI-1-59 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 60:
For each OpCo and TransCo refer to the 2022 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 2022, 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 2022, please provide an explanation as to why and where these amounts are recorded.

Response:
Please see JI-1-60 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 61:
For the OpCos only, refer to the 2022 FERC Form 1 Pages 320-323, Line 193, Account 931 – Rents, please provide a detailed tabulation of every entry booked to this account during 2022, including name, description of cost item and amount.

Response:
Please see JI-1-61 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 62:
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-1-62 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 63:
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 were no changes to the capitalization policy during the reporting period.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 64:
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 2022 for transmission projects.

Response:
Please refer to JI-1-64 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 65:
For each OpCo and TransCo, please identify all credit facilities outstanding during 2022. For each credit facility, provide the amount of upfront and commitment fees recorded to expense in 2022 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 account 428. Listed below are the related bank facility and 2022 amortized amounts.

Issuance:	Upfront fees Amortized in 2022:
APCO $ 125M	$171K
KPCO $ 75M	$125.6K
KPCO $125M	$4.8K
KPCO $150M	$12.9K

None of these facilities were acquired to comply with another debt agreement.

Date: 10/16/2023

Responses to JOINT
Set JI-1 of Data Requests

Data Request 66:
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:
Investments in electric charging stations have occurred. 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: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 67:
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:
Please see JI-1-67 Attachment 1 for a detailed listing of non-transmission related revenues.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 68:
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 2022. 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 are pulled from the functional books for the OpCo's and from the transmission companies' income statements. Please see JI-1-68 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 69:
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: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 70:
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 2022
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 $146,629.
c.: OPCo – Line 45 – Transmission Plant Held for Future Use in the amount of $2,523,349.

Response:
Please refer to JI-1-70 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 71:
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 2022 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, provide a detailed explanation of what year it represents.

Response:
Please see JI-1-71 Attachment 1 for the supporting calculations for Total Company and Total Transmission with a detailed listing of the individual items that compose the amounts and their value. These amounts are the actual amortization recorded on each OPCo's and TransCo's books during the 2022 year. These amounts recorded on each OPCo's and TransCo's books represent (1) the 2022 estimated amortization based on the best available data prior to filing the final 2022 tax return in 2023 as well as (2) the true up to 2021 annual amortization based on finalized calculations supporting the filing of the 2021 tax return in 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 72:
Please identify and describe all uncertain income tax positions existing during 2022 that any AEP East OpCo or TransCo did not record the applicable deferred income tax assets or liabilities on its books in 2022 and provide the income tax effect of all uncertain income tax positions not recorded on each AEP East OpCo's and TransCo's books at December 31, 2021 and at December 31, 2022.

Response:
There are no uncertain income tax positions existing during 2022 that AEP East OpCo or TransCo did not record the applicable deferred income tax assets or liabilities.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 73:
In reference to the disclosures in the May 25, 2023 transmittal letters for the 2023 Annual Update Filings for the AEP East OpCos and AEP East TransCos that the 2023 Updates include "a 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," please provide:

a.: A detailed description and illustration of this methodology for the 2022 AEP East ATRR calculations;
b.: The reasons the AEP East OpCos and TransCos made the change from using a consolidated methodology to what AEP East OpCos and TransCos refer to as the stand-alone methodology for purposes of the 2022 ATRR calculations;
c.: An explanation of the consolidated method used by the AEP East OpCos and TransCos regarding the treatment of deductible expenses claimed on the consolidated return and the measurement of and accounting for current and deferred income tax expense and ADIT, including ADIT associated with Net Operating Loss Carryforwards;
d.: Copies of all accounting entries with supporting documentation (in a workable Excel spreadsheet) made during calendar year 2022 for the stand-alone method for ADIT for Net Operating Loss Carryforwards on the AEP East OpCos' and AEP TransCos' books;
e.: An explanation of whether AEP East OpCos' and TransCos' adoption of the stand-alone method for ADIT for Net Operating Loss Carryforwards resulted in any changes in the AEP East OpCos' and TransCos' deductible expenses claimed on the AEP consolidated federal tax return and if changes occurred, please provide the specific details and amounts of those changes for the 2022 tax year;
f.: An explanation of whether AEP East OpCos' and TransCos' adoption of the stand-alone method for ADIT for Net Operating Loss Carryforwards resulted in any changes to the AEP Tax allocation methodology or the AEP intra-corporate consolidated income tax agreement, and if changes occurred, please provide the specific details and amounts of those changes for all tax years affected.;
g.: An explanation of whether AEP East OpCos' and TransCos' adoption of the stand-alone method for ADIT for Net Operating Loss Carryforwards resulted in any changes in the method used by the AEP East OpCos and TransCos to measure, account for, and report in each company's FERC Form 1 reports ADIT including ADIT applicable to Net Operating Loss Carryforwards and the flow-back of ADIT, and if changes occurred, please provide the specific details and the amounts of those changes;
h.: An explanation of whether the stand-alone method for ADIT for Net Operating Loss Carryforwards is limited to federal income tax Net Operating Loss Carryforwards or whether it also applies to Net Operating Loss Carryforwards for state income tax purposes and if state Net Operating Loss Carryforwards are also considered in the adjustments for the stand-alone method, please identify the state income tax Net Operating Loss Carryforwards also factored into the

stand-alone NOL Adjustments for each AEP East OpCo's or TransCo's 2022 ATRR NOL Adjustments for December 31, 2021 and December 31, 2022;
i.: An explanation of whether AEP East OpCos' and TransCos' stand-alone method for ADIT for Net Operating Loss Carryforwards is limited to changes for ratemaking purposes in the 2022 ATRR calculations;
j.: An explanation of why each AEP East OpCo or TransCo does not record and report in FERC Form 1, the NOL Adjustments for the stand-alone method for ADIT for Net Operating Loss Carryforwards on each AEP East company's books;
k.: A listing and description of what retail or other FERC rates where the AEP East OpCos and TransCos have implemented the stand-alone method for ADIT applicable to Net Operating Loss Carryforwards;
l.: An explanation of how each AEP East OpCo and TransCo is compensated for the use of its tax deductions on the AEP consolidated tax return, all tax savings benefits realized on the consolidated return from the use of an AEP East OpCo's or TransCo's deductible expenses, and how those tax benefits are accounted for by each AEP East OpCo or TransCo;
m.: An explanation of why the AEP East OpCos and TransCos have characterized the method as stand-alone if the NOL Adjustment ratemaking calculations are based on each AEP East OpCo's or TransCo's separate tax return calculation and ignore the consolidated tax return's tax saving benefits attributable to each AEP East OpCo and TransCo;
n.: An explanation of why it is appropriate to ignore the impacts of the AEP consolidated tax return when tax deductions generated by an AEP East OpCo or TransCos that are for costs paid by AEP East transmission customers and are utilized to reduce the AEP consolidated tax liability and result in a tax savings benefit to the AEP consolidated tax group, but those tax savings benefits are ignored under AEP East OpCos' and TransCos' stand-alone method; and
o.: An explanation of when the AEP East OpCos and TransCos implemented the stand-alone method for ADIT for Net Operating Loss Carryforwards and identify the Transmission Revenue Requirement calculations (projected, annual, and true-up) where the AEP East OpCos and TransCos included NOL Adjustments for the stand-alone method.

Response:
The 2023 and 2022 AEP East ATRR ADIT are both presented on a Net Operating Losses stand-alone basis. There is no change in treatment between filings.
a. The AEP East Companies used the stand-alone methodology to calculate their ADIT-related NOLCs in the 2022 Annual Update. Consistent with the Commission's directives, they analyzed whether the relevant expense for tax purposes was included in each AEP East Companies' respective cost-of-service. The AEP East Companies' stand-alone methodology ensures that the taxes included in a utility's ratemaking are only the taxes associated with the revenues and expenses in the jurisdictional ratemaking. In this manner, when an expense is included in the cost of service of the utility, the tax reducing benefit of that expense is also included in the cost of service. Likewise, the tax burden from revenues is recognized when the revenues are taken into account.
b. The reason for the change was to align with the stand-alone methodology as described in Opinion No. 173 and to align with the normalization requirements within the Internal Revenue Code.

c. The consolidated method for Net Operating Loss Carryforwards used prior to the 2022 Annual Update followed the GAAP treatment as opposed to the stand-alone treatment for ratemaking purposes. Deferred tax assets for Net Operating Loss Carryforwards were not recorded at the AEP East OpCos and TransCos books, rather, the taxable losses were combined with other affiliates taxable income which when resulting in net taxable income did not require the recording of the deferred tax asset, or when resulting in a net taxable loss were recorded as an allocation on each members books as a portion of the consolidated deferred tax asset.
d. No accounting entries are made for the stand-alone method. The stand-alone method is for rate making purposes.
e. The adoption of the stand-alone method for ADIT for Net Operating Loss Carryforwards did not affect the AEP consolidated federal tax return.
f. The adoption of the stand-alone method for ADIT for Net Operating Loss Carryforwards did not effect the AEP Tax allocation methodology.
g. The adoption of the stand-alone method for ADIT for Net Operating Loss Carryforwards did not effect the company's FERC Form 1 reports for ADIT. The FERC Form 1 reports reflect the GAAP accounting for these items.
h. The stand-alone method for ADIT for Net Operating Loss Carryforwards is limited to federal income tax Net Operating Loss Carryforwards.
i. The stand-alone method for ADIT for Net Operating Loss Carryforwards is limited to changes for ratemaking purposes.
j. The stand-alone method for ADIT for Net Operating Loss Carryforwards is for ratemaking purposes.
k. For ratemaking purposes, a stand-alone net operating loss carryforward treatment has been implemented by AEP affiliate Kingsport Power Company in Tennessee retail rates and by AEP affiliates in the SPP RTO for FERC rates.
l. Each taxable income producing company within the AEP consolidated tax group pays cash to the AEP parent for their share of the current year's tax. The AEP parent then pays cash to each loss generating company for their portion of the loss generated to the extent that those losses can be offset by income of the income producing companies. For GAAP purposes, the cash paid to the loss generating companies reduces the NOL deferred tax asset on their books.
m. The stand-alone methodology used by AEP derives the NOLC deferred tax asset from the jurisdictional revenues and cost of service of the utilities and excludes the impact of activity outside the scope of providing those FERC jurisdictional services. This methodology provides the tax savings attributable to the filing of a consolidated tax return consistent with the benefits and burdens test as described in Opinion No. 173.
n. Please see response to JI-1-73m above.
o. Please see response to JI-1-73a and b above.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 74:
For the AEP East OpCos' and TransCos' 2022 ATRR calculations, please identify each formula rate ATRR input at December 31, 2021 and December 31, 2022 that changed as a result of the implementation of the stand-alone method for ADIT for Net Operating Loss Carryforwards, the amount of the stand-alone adjustment if not readily identifiable in the ATRR worksheets (for instance, amortization of the excess/deficient ADIT adjustments recorded in Accounts 282 or 283 that affect the Excess Deferred Taxes input in the Income Tax Adjustment calculation), and the source of each ATRR NOL Adjustment with supporting worksheets and calculations (in a workable Excel spreadsheet) showing the derivation of each NOL Adjustment for each formula rate ATRR input.

Response:
Please see JI-1-74 Attachment 1. This file shows the change to the formula rate inputs for Account 190, 282, and 283 as a result of the Stand-Alone method of the ADIT for Net Operating Losses for December 31, 2021, and December 31, 2022. This file is supported by the NOL calculations shown in JI-1-80 Attachment 1. The adjustments are located on WS B-1 and WS B-2 for the AEP East OPCOs and Transcos.

Date: 10/16/2023

Responses to JOINT
Set JI-1 of Data Requests

Data Request 75:
Please identify as of December 31, 2021 and as of December 31, 2022, the amount of Net Operating Loss Carryforwards (federal and state) that each OpCo and TransCo has on a consolidated basis and on a separate return basis and Net Operating Loss Carryforwards (federal and state) applicable to each OpCo's and TransCo's transmission functional balances.

Response:
Please see JI-1-74 Attachment 1 for the federal consolidated and stand-alone Net Operating Loss Carryforwards. The Companies do not have state net operating losses in states for which a consolidated income tax return is filed. Any state net operating loss carryforward can be seen on Worksheets B-1 and B-2 and identified with a description of "NOL-State".

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 76:
Please explain how AEP East OpCos' and TransCos' stand-alone method for ADIT for Net Operating Loss Carryforwards can be implemented within the existing OpCos' and TransCos' transmission formula rate tariffs without making a Federal Power Act section 205 rate filing and obtaining Commission approval of this change in each company's transmission formula rate template and protocols. Please specifically reference any portion of the protocols and formula rate templates that provide for implementation of a change, such as, AEP East OpCos' and TransCos' Stand-Alone method for ADIT for Net Operating Loss Carryforwards.

Response:
Worksheets B-1 and B-2 of the tariff include the flexibility to be expanded to include additional line item detail of individual ADIT items and define an Allocation Basis for each line item. This flexibility can be used to include the effect of a Stand-Alone NOL.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 77:
Please provide a detailed description and technical analysis of the need and requirements for the change for AEP East OpCos' and TransCos' Stand-Alone method for ADIT for Net Operating Loss Carryforwards and how it complies with FERC regulations and precedent on the treatment of the book balances of ADIT and other sources of cost-free capital.

Response:
AEP's stand-alone methodology is consistent with FERC policy pronouncements regarding the allocation of current and deferred taxes to members of the affiliated group joining in the filing of a consolidated federal income tax return. Specifically, FERC Opinion No. 173 sets forth the relevant guidance for the application of the "stand-alone method" of allocating items of income and deduction for ratemaking purposes. Rather than focusing on the consolidated tax liability reflected on the consolidated federal income tax return, the stand-alone method "looks beneath the single consolidated tax liability and analyzes each of the deductions used to reduce the group's tax liability to determine the deductions for which each service is responsible." FERC Opinion No. 173, 23 FERC ¶ 61,396, at p.20. This method produces 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 . . . ." Id. at 17. 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." Id. That is precisely the methodology applied by AEP East when including a ratemaking adjustment for the net operating loss carryforward (NOLC) deferred tax asset (DTA) in determining AEP East Companies' tax allowance. In other words, AEP East previously included a reduction to the net operating loss in the DTA to account for payments received from income generating affiliates, which took into "account the gains or losses related to other activities" not included in the regulated cost of service for each company. The ratemaking adjustment now being made by AEP East ensures that the net operating loss is properly calculated on a stand-alone methodology in that it takes into account only the "revenues and costs entering into the regulated cost of service." A consolidated DTA, used previously, includes tax payments from affiliated entities. A stand-alone DTA, the methodology adopted here, does not include tax payments from affiliated entities. The ratemaking adjustment to calculate the stand alone NOLC DTA is also required to comply with the normalization requirements of the Internal Revenue Code (IRC). Thus, until the tax benefit of the NOLC has actually been realized, there is no interest-free loan from the federal government, so the deferred tax reserve used to reduce rate base would be overstated without the NOLC offset. Without that offset, a normalization violation would occur with the resulting loss of the right to claim accelerated depreciation.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 78:
Please explain what Internal Revenue Code, private letter rulings, normalization requirements and other IRS regulations address an affiliates' use of a regulated utility's Net Operating Losses in the context of a consolidated income tax return filing.

Response:
The IRC contains provisions [1] requiring utility ratemaking to apply a normalized method of accounting with respect to tax benefits associate with accelerated depreciation, NOLCs due to accelerated depreciation, and ITCs. With respect to accelerated depreciation, the normalization rules require that the federal tax expense in included in the cost of service for ratemaking use a method of depreciation and a depreciation period that is no shorter than the depreciation expense used in setting rates. [2] With respect to NOL carryforwards, the normalization rules require that the NOLC ADFIT be included in rate base to the extent that the NOLC is the result of accelerated depreciation. [3] The normalization rules require there to be consistency among ratemaking assumptions used in the revenue requirement for rate base, depreciation expense, tax expense, and ADFIT [4].

In a series of Letter Rulings, the IRS has concluded that in order to avoid a normalization violation, the reserve for deferred taxes for the period used in determining tax expense in cost of service must take into account instances in which taxes are deferred due to accelerated tax depreciation creating a NOL. [5] The PLRs referenced do not specifically address tax allocation payments. Because stand-alone treatment is the standard in a ratemaking setting, the discussion of intercompany tax allocations is not relevant to the discussion for normalization purposes. The fact that tax sharing agreements among a consolidated group are not uncommon and none of the rulings discusses an intercompany payment suggest that none of the utilities who sought the PLRs attached any relevance to them.

In PLR 20178015 the taxpayer identifies the occurrence of tax sharing payments in the facts that are laid out to the IRS in the ruling request. Within the facts of the case, it is laid out that the utility had a NOLC on a stand-alone basis and that it also received an intercompany tax sharing payment from its parent related to the utility's NOLC. In making its ruling and resolving the normalization question for the utility, the IRS attached no significance to the tax sharing payment. The fact that the IRS simply ignored the tax sharing payment in its analysis further supports that the NOLC must be included in ratemaking on a stand-alone basis.

[1] Current IRC Section 168, former IRC Section 167(I)
[2] 26 U.S. Code §168(i)(9)(A)(i)
[3] Treas. Reg. § 1.167(l)-1(h)(1)(iii) and Private Letter Rulings issued by the IRS.
[4] 26 U.S.C. § 168(i)(9)(B).

[5] Private Letter Rulings 201436037; 201438003; 201519021; 201534001; 201548017; 201709008, 202010002.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 79:
Please explain whether any of the AEP East OpCos or TransCos have filed for and/or have already received an IRS private letter ruling concerning an AEP East OpCo's and TransCo's use of the stand-alone method for ADIT for Net Operating Loss Carryforwards for FERC or retail ratemaking purposes. If yes, please identify each, provide a copy of the request and any issued PLR.

Response:
AEP has filed private letter ruling requests for Indiana Michigan Power Company for the Indiana retail jurisdiction on April 1, 2022. Copies of the PLRs are not being provided as they are confidential, specific to the state ratemaking jurisdiction for which they were requested, and therefore not directly applicable to FERC rates.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 80:
Please explain how each AEP East OpCo or TransCo tracks and computes NOL Adjustments for implementation of the stand-alone method for ADIT for Net Operating Loss Carryforwards in their 2023 Formula Rate Updates and provide supporting worksheets (in a workable Excel format) for each AEP East company.

Response:
Please see JI-1-80 Attachment 1 for each company's NOL Schedules by vintage year and the computation of the adjustments to accounts 282 and 283 applicable for each company.

Date: 10/16/2023

Responses to JOINT
Set JI-1 of Data Requests

Data Request 81:
Please explain the procedures used by each AEP East OpCo or TransCo to amortize all excess/deficient NOL Adjustment ADIT balances reflected in Accounts 282 and 283 resulting from the stand-alone method for ADIT for Net Operating Loss Carryforwards and provide supporting worksheets showing the calculation (in a workable Excel spreadsheet) of the Accounts 282 and 283 excess/deficient NOL Adjustment ADIT amounts by calendar year, any adjustments to or amortization of the amounts reflected in the NOL Adjustments for Accounts 282 and 283 by calendar year, and the amortization method used for all excess/deficient NOL Adjustment ADIT balances.

Response:
The amortization of the protected portion of the deficient NOL adjustment uses the average rate assumption method (ARAM) as the basis of amortization. The annual amortization is based on a ratio of the deficient tax related to the NOLC as compared to the original excess ADIT as of the final filing of the 2017 tax return. That ratio is applied to the annual protected excess amortization by functional books. This is consistent with how excess ADIT has been calculated and amortized for East OpCos and TransCos. Please see JI-1-80 Attachment 1 for the supporting worksheets showing the calculation of the accounts 282 and 283 excess/deficient NOL Adjustment ADIT amounts.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 82:
Please discuss and provide supporting documentation as to how the AEP East OpCos and TransCos determined that, under the AEP East stand-alone method ADIT for Net Operating Loss Carryforwards, certain of the 2022 ATRR NOL Adjustments made to Account 190 were determined to be related to the use of accelerated depreciation and provide copies of worksheets (in a workable Excel format) for each AEP East OpCo and TransCo showing the derivation of the Account 190 NOL Adjustment amount applicable to accelerated depreciation.

Response:
Please see JI-1-82 Attachment 1. AEP conducted "With and Without" tests to determine whether the NOL Carryforwards computed on a stand-alone basis are related to accelerated depreciation, and therefore, subject to IRS normalization requirements. The "With and Without" test is an approved IRS methodology that compares the cumulative taxable income or loss computed with and without accelerated depreciation. Through this test, AEP is able to see the direct impact of accelerated depreciation on each company's cumulative taxable income or loss position.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 83:
Please explain the reasons for the NOL Adjustments to Account 282 and 283 that result from the implementation of the stand-alone method for ADIT for Net Operating Loss Carryforwards and that the Accounts 282 and 283 will increase or decrease over time.

Response:
The annual amortization is based on a ratio of the deficient tax related to the NOLC as compared to the original excess ADIT as of the final filing of the 2017 tax return. That ratio is applied to the annual protected excess amortization by functional books. This is consistent with how excess ADIT has been calculated and amortized on East OpCo and TransCos. Please see JI-1-80 Attachment 1 for the supporting worksheets showing the calculation of the accounts 282 and 283 excess/deficient NOL Adjustment ADIT amounts.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 84:
Please identify, explain, and provide the calculation of the allocators used by each AEP East OpCo and TransCo to allocate the Accounts 190, 282 and 283 NOL Adjustment balances at December 31, 2021 and December 31, 2022 resulting from the implementation of the AEP East Stand-Alone method for ADIT for Net Operating Loss Carryforwards.

Response:
To allocate the NOLC adjustment in account 1901001 for the AEP East OPCos, the net plant allocator is used. This calculation can be found in line number 46 on the TCOS tabs. The calculation is total transmission plant in service divided by total net plant in service. An allocator is not used for the NOLC adjustment in account 1901001 for the AEP East TransCos as it is considered 100% related to transmission. Please see the response to JI-1-80 for the calculation of the allocation of the NOLC adjustments to account 2821001 and 2831001 for the AEP East OPCos and TransCos.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 85:
Please identify, explain, and provide the calculation of the allocators used by each AEP East OpCo and TransCo to allocate the amortization of excess/deficient NOL Adjustment ADIT resulting from AEP East's stand-alone method for ADIT for Net Operating Loss Carryforwards that is an input to the Excess Deferred Taxes input used in the 2022 ATRR Income Tax Adjustment calculation.

Response:
Please see the response to JI-1-80 for the calculation of allocators used by each AEP East OpCo and TransCo for the amortization of excess/deficient NOL Adjusment ADIT.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 86:
Please provide worksheets (in a workable Excel format), schedules, and all supporting documentation of the AEP East OpCos' and TransCos' computations of the NOL Carryforwards computed on a stand-alone basis beginning with the first tax year and identifying any increases or decreases of any tax year's stand-alone NOL Carryforwards amounts due to the utilization of those NOL Carryforwards on a stand-alone basis, amortization of any stand-alone NOL Carryforwards adjustments, and for any other reason(s). Please explain and describe any increase or decrease in the stand-alone NOL Carryforwards amounts caused by each "other" reason.

Response:
Please see JI-1-80 Attachment 1. The computation of the NOL Carryforwards on a stand-alone basis were completed on a NOL vintage year schedule. The NOL vintage year schedule shows the utilization of loss carryforwards by year.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 87:
In reference to the response to question JI-1-86, with regard to the tracking of NOL Carryforwards balances on a stand-alone basis, please provide the calculation of the Accounts 190, 282 and 283 balances for each tax year's stand-alone NOL Carryforwards balances beginning with the first tax year Stand-Alone NOL Carryforward balances were identified and identify any adjustments to any beginning of year or end of year NOL Carryforwards balances and the reasons for those adjustments.

Response:
Please see response to JI-1-80.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 88:
Please provide the AEP East OpCos' and TransCos' worksheets and calculations (in a workable Excel format) showing:

a.: The impact of the Tax Cuts and Jobs Act (TCJA) and the remeasurement of the ADIT NOL Adjustment balances applicable to the stand-alone method for ADIT for Net Operating Loss Carryforwards showing the NOL Adjustment ADIT balances prior to the effective date of the TCJA and after the effective date of the TCJA;
b.: The changes in the NOL Adjustment ADIT balances by tax year after implementation of the TCJA for any increases or decreases due to the utilization of stand-alone NOL Carryforwards, amortization of the stand-alone NOL Adjustment ADIT balances, or for any other reason(s); and
c.: The method used to amortize any excess or deficient NOL Adjustment ADIT balances resulting from the implementation of the stand-alone method for ADIT for Net Operating Losses.

Response:
a. Please see JI-1-80 Attachment 1.
b. Please see JI-1-80 Attachment 1.
c. The method used to amortize the protected deficient tax is based on a ratio of the Total 2017 TCJA Deficient Tax Balance over the Total 2017 Protected Excess ADIT balance. The protected excess amortization which is based on ARAM is then multiplied by this ratio to determine the deficient tax amortization. This approach will amortize the deficiency at the same rate that the protected excess is amortized, maintaining the ARAM rate of amortization that is determined by book/tax timing difference on depreciation calculated by the Power Tax Software.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 89:
Please identify any filings made with FERC to obtain Commission approval pursuant to Order No. 864 or any other FERC proceeding of the AEP East OpCos and TransCos TCJA remeasurement of the ADIT ratemaking NOL Adjustments resulting from the implementation of the stand-alone method for ADIT for Net Operating Losses and the amortization of any resulting excess and deficient ADIT ratemaking NOL Adjustments that the AEP East OpCos and TransCos included in the 2022 ATRR calculations.

Response:
There have not been any specific filings made with FERC to obtain Commission approval pursuant to Order No. 864 with respect to the stand-alone NOL treatment. The Companies have made filings to comply with Order No. 864. However, the Company did not seek approval of any specific ADIT amounts; rather, the Companies sought that its proposed tariff changes were just and reasonable and consistent with the requirements of Order No. 864.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 90:
In reference to question JI-1-89, please provide copies of any FERC orders issued on the AEP East OpCos' and TransCos' remeasurement of the ratemaking adjustments resulting from TCJA and the ratemaking adjustments the AEP East OpCos and TransCos include in their 2022 ATRR calculations resulting from the implementation of the stand-alone method for ADIT for Net Operating Loss Carryforwards.

Response:
Please see the response to JI-1-89.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 91:
As of the date of AEP East's response to this question, please explain the status of the AEP East OpCos' and TransCos' TCJA Order No. 864 compliance process and identify any pending TCJA compliance filings and unresolved issues.

Response:
The Commission issued it's orders in original Docket Numbers ER20-1886 and ER20-1888 on February 23, 2022. A compliance filing required by these orders was made by the Company in Docket Number ER22-1684 on April 25, 2022. The Compliance filing was accepted by FERC on July 14, 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 92:
In reference to questions JI-1-90 and JI-1-91, please explain why the AEP East OpCos' and TransCos' have not sought Commission approval pursuant to Order No. 864 to remeasure the NOL ADIT ratemaking NOL Adjustments and to include amortization of the resulting excesses/deficiencies through the AEP East OpCos' and TransCos' 2022 ATRR calculations.

Response:
In approving AEP's Order No. 864 compliance filings, the Commission did not approve specific EDIT amount. However, the Commission found that AEP's proposed changes to its respective Formula Rate templates were just and reasonable and consistent with the requirements of Order No. 864.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 93:
Regarding the AEP East OpCos' and TransCos' method for implementing ratemaking NOL Adjustments for the stand-alone method for ADIT for Net Operating Loss Carryforwards, please explain why the AEP East OpCos' and TransCos' NOL Adjustments to Accounts 190, 282, and 283 are ultimately entered as single entry adjustments as the "NOL Adjustment Contra" entry for each ADIT account is "Not Applicable" and thereby ignored for ATRR purposes and there are no other offsetting or contra ratemaking adjustments included in the OpCos' and TransCos' 2022 ATRR calculations.

Response:
The NOL Contra timing difference is included in the "Non-Applicable/Non-Utility" columns (D & E of WS B-1 and B-2) to ensure the rate properly reflects the NOLs on a stand-alone basis consistent with FERC precedent and as originally proposed by the Joint Customers. Contrary to the question, there are other uses of contra-ratemaking adjustments in the formula rate.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 94:
Please explain what will happen to the Accounts 282 and 283 ratemaking NOL Adjustment balances for excess and deficient ADIT when all of the NOL Adjustments for stand-alone ADIT for Net Operating Loss Carryforwards Account 190 have been zeroed out because all of the stand-slone NOL Carryforwards have been fully utilized on a stand-alone basis. How will the remaining Accounts 282 and 283 ratemaking NOL Adjustment balances for NOL Carryforwards be extinguished or settled and no longer included in Transmission Revenue Requirement calculations?

Response:
The related balances recorded in Account 2821001 and 2831001 will reduce towards a zero balance as the deficient taxes are amortized. The deficient taxes are based off of the stand-alone NOLC balance as of TCJA 2017. Therefore, the beginning balance of the deficient taxes related to the stand-alone NOLC does not change as the losses are absorbed by taxable income in tax years after 2017. The account balance of 1901001 would reduce as the NOL DTA is absorbed by taxable income. However, it does not impact the balance of the 2821001 or 2831001 as those accounts are related to the tax rate change from 35% to 21%. The account 2821001 balances will be settled when the excess balances, net with the deficient taxes, are fully amortized via ARAM. The 2831001 balances will be settled when all of the unprotected is amortized and refunded back to customers.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 95:
For each AEP East OpCo and TransCo, please identify any changes in the December 31, 2021 NOL Adjustment inputs and/or the amount of the NOL Adjustment allocated to the transmission function for Accounts 190, 282, and 283 used in the 2021 ATRR calculations as compared to the December 31, 2021 NOL Adjustment inputs and allocations to the transmission function for Accounts 190, 282, and 283 used in the 2022 ATRR calculations. For any identified changes, please explain the reason(s) for each change for each AEP East company.

Response:
Please see response to JI-1-80.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 96:
Please identify any changes made by AEP East in its method of computing the stand-alone NOL ratemaking adjustment inputs and amortization of any excess or deficient ADIT ratemaking adjustment inputs for its 2022 ATRR calculations as compared to the method used for the AEP East 2021 ATRR calculations.

Response:
No changes were made in the method of computing the stand-alone NOL ratemaking adjustment inputs and amortization of excess or deficient ADIT ratemaking adjustments.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 97:
For each AEP East OpCo and TransCo, please identify where on the 2022 ATRR and True-Up Formula Rate Worksheet B-3, Excess/Deficient ADIT Worksheet for Total Company and Functional Balances, Worksheet B-3-A, Tax Remeasurement Worksheet, and Worksheet B-3-B, Tax Remeasurement Worksheet, show the derivation of (i) the TCJA remeasurement of the Account 190 stand-alone NOL Carryforwards Adjustments, (ii) the TCJA Account 282 and 283 deficient ADIT Adjustments for the Account 190 stand-alone NOL Adjustments; and (iii) the TCJA amortization of the Account 282 and Account 283 deficient ADIT Adjustments.

Response:
The adjustments for (i), (ii), and (iii) are not included in Worksheets B-3, B-3-A, and B-3-B. The adjustments are included in B-1 and B-2.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 98:
For the largest transmission projects that were placed in service in 2022, provide a detailed spreadsheet providing the computation of the actual AFUDC accruals that were capitalized on a monthly basis. The calculation should illustrate the monthly computation of the construction base the AFUDC rate is applied to, including prior month construction balances, cash expenditures, and compounded AFUDC. The worksheets and/or files should retain all notes and any formulas supporting the calculations.

Response:
Please refer to JI-1-98 Attachments 1 through 11. Note that AFUDC calculations are performed by the company's asset management system (Powerplan).

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 99:
For calendar year 2022, please identify the actual AFUDC rate(s) that each AEP East OpCo and TransCo used to capitalize AFUDC accruals and the calendar months in 2022 that each AFUDC rate was used by each AEP East OpCo and TransCo

Response:
Please refer to JI-1-99 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 100:
If AEP East elected to implement the FERC-authorized Covid-19 AFUDC waiver for any period in calendar year 2022, please (i) identify the months in 2022 that each AEP East OpCo and TransCo implemented the waiver, and (ii) explain AEP East's method and procedures for implementing the Covid-19 waiver in the calculation of its 2022 AFUDC rates and how AEP East's method and procedures comply with the requirements of FERC's Covid-19 waiver orders.

Response:
(i) Indiana Michigan Power Company, Kingsport Power Company, and AEP Ohio Transmission Company, Inc. implemented the FERC-authorized COVID-19 AFUDC waiver for the months of January, February, and March 2022.
(ii) The temporary waiver authorized by FERC in docket number AC20-127-000 leaves all aspects of the AFUDC rate formula unchanged except for the short-term debt input into the calculation. Companies electing to implement the temporary waiver may use the simple average of 2019 short-term debt balances as the short-term debt input into the calculation - in lieu of current period average short-term debt balances.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 101:
Please identify any modifications that each AEP East OpCo and TransCo made to its AFUDC procedures and methods used to compute the 2022 AFUDC borrowed funds and other funds rates, accrue AFUDC on CWIP work orders, and the frequency of compounding AFUDC during calendar year 2022 that differ from the AFUDC procedures and methods AEP East used during calendar year 2021.

Response:
(1) After the waiver expired at the end of March 2022, beginning with the April 2022 AFUDC rate calculations, companies which implemented the temporary FERC-authorized COVID-19 waiver began to use current period average short-term debt balances within the AFUDC rate calculation.
(2) Implemented a 9.54% ROE for renewables property on Appalachian Power Company effective October 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 102:
Please describe each AEP East OpCo and TransCo method and procedures for computing AFUDC rates and AFUDC accruals on construction work orders during calendar year 2022, and please explain how AEP East determined:

a.: The types of construction costs that are eligible or ineligible for inclusion in the AFUDC base used to compute monthly AFUDC accruals for construction work orders and whether the AFUDC base is reduced for contract retentions, unpaid accruals, contributions in aid of construction (CIAC), and advances for construction;
b.: The method, procedures, and sources of data used for computing the AFUDC formula inputs for the balances of Long-Term Debt or “D”, Short-Term Debt or “S”, preferred stock “P”, common equity or “C”, and Construction Work in Progress or “W” and the cost rates for Short - Term Debt or “s”, Long-Term Debt or “d”, Preferred Stock or “p”, and Common Equity or “c” in AEP East’s monthly, quarterly, semi-annual or annual AFUDC rate computations (the alphabetic references are the same as those used in the Commission’s AFUDC regulations at 18 C.F.R. Part 101, Electric Plant Instruction No. 3(17));
c.: The method used by AEP East to determine Short-Term Debt balances for Commercial Paper, each term loan, etc. and how those balances were computed;
d.: The balances of any Short-Term Debt, Long-Term Debt, Preferred Stock, or Common Equity excluded from AEP East’s 2022 AFUDC inputs;
e.: The costs of Short-Term Debt, Long-Term Debt, Preferred Stock, or Common Equity excluded from AEP East’s 2021 AFUDC inputs for cost rates;
f.: The procedure for determining AEP East’s AFUDC rate(s) when the AFUDC formula input for the balance of Short-Term Debt or “S” input exceeds the AFUDC input for the balance of Construction Work in Progress or “W” input;
g.: The frequency of (e.g., daily, monthly, semi-annual, annual) and method used for compounding AFUDC;
h.: The minimum requirements that a construction project or work order must meet, for example, the minimum level of eligible construction costs or minimum construction period, to be eligible the accrual of AFUDC; and
i.: The FERC accounts AEP East used to record 2022 AFUDC accruals.

Response:
a. Please see JI-1-102 Attachment 1.
b. The company follows FERC Order No. 561 issued February 2, 1977, and the company AFUDC Accounting Bulletin 1.
c. A balancing process is performed by Treasury Operations to update the short-term debt balances for all participants in the money pool on a daily basis. The weighted average rate of

outstanding commercial paper and short-term loans issued by AEP Parent is used to calculate the interest expense daily on these entities.

d. Accounting does not exclude any Short-Term Debt, Long-Term Debt, Preferred Stock, or Common Equity balances from the AFUDC inputs.

e. See response for (d).

f. There will be no Equity rates when the Short-Term Debt balance exceeds the CWIP balance.

g. AEP uses a compounded rate for AFUDC based on semiannual compounding. The rate is developed and applied to construction on a monthly basis.

h. There are no minimum requirements.

i. AEP East used accounts 4191000 and 4320000.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 103:
FPC Order No. 561 requires public utilities to derive an annual AFUDC rate based on actual inputs, except estimates are initially used for the balances of short-term debt and CWIP and the cost rate of short-term debt. The order requires those estimates to be updated during the calendar year to actuals and for public utilities to monitor actual experience and adjust to actual at year-end if a significant deviation from the estimate should occur. Please explain how AEP East complies with this AFUDC requirement and provide the calculation performed in 2022 to determine if a significant deviation exists between the AFUDC rate(s) used to capitalize AFUDC during calendar year 2022, and the calculation of the final, end-of-calendar year AFUDC rate with all inputs updated to reflect actual book balances.

Response:
The company does not use estimates. The prior month actuals are used based on FERC approval.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 104:
Please provide the monthly, quarterly, semi-annual, or annual calculations and formulas supporting all of AEP East's AFUDC rates computed for the borrowed funds and other funds rates in workable Excel spreadsheets that were applied to construction costs for 2021 and 2022 and include this information in workable Excel spreadsheets showing the derivation and source of all inputs to AEP East's AFUDC formula rate calculations for the inputs to the AFUDC rate formula for (i) the balances of common equity (input "C"), preferred stock (input "P"), long term debt input "D"), daily weighted-average balance of short-term debt (input "S"), and the 13-month average of CWIP (input "W"), (ii) the cost rates for short-term debt (input "s"), long-term debt computed using a yield to maturity basis at issuance for each borrowing (input "d"), preferred stock (input "p"), and common equity (input "c"), and (iii) provide supporting documentation and calculations that provide transparency on the borrowed funds and other funds AFUDC rates derived. (Please provide the spreadsheets formatted to retain all notes and any formulas supporting the calculations.)

Response:
Please see JI-1-104 Attachments 1 through 11. The Company does not gather and input this information on a monthly basis.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 105:
Please list and provide (i) daily balances of all short-term debt borrowings outstanding during 2021, (ii) daily balances of short-term debt borrowings from affiliates through money pool borrowings, or other short-term debt borrowing instruments, (iii) the interest rate for each type and category of each short-term debt borrowing during 2022, and (iv) any short-term debt borrowing balances and interest costs that were excluded from AEP East's AFUDC computation of the short-term debt balance (input "S") and cost rate of short-term debt (input "s") for calendar year 2022. (Regarding subpart question (iv), means any exclusions from the short-term debt balances and interest costs that apply to any money pool, commercial paper, or other borrowings under the AEP East revolving credit facility.)

Response:
Please see JI-1-105 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 106:
Regarding AEP East's computation of 2022 AFUDC accruals, for the transmission projects that were placed in service in 2022, please provide a detailed workable Excel spreadsheet providing the computation of the AFUDC accruals that were actually capitalized on a monthly basis. The calculations should illustrate the monthly computation of the construction base that the AFUDC rate is applied to, including prior months' construction cost balances, current month's construction costs, cash expenditures, any exclusions of construction costs from the construction base, and the compounding of AFUDC. (The worksheets and/or files should retain all notes and any formulas supporting the calculations.)

Response:
Please refer to the response to JI-1-98.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 107:
Please provide a workable Excel spreadsheet that provides the 13 month-end balances of AEP East's transmission construction work in progress ("CWIP") balances and the 13-month average of the transmission CWIP for the period December 31, 2021 to December 31, 2022.

Response:
Please see JI-1-107 Attachment 1.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 108:
In reference to AEP East's 2022 AFUDC rate calculations, please
a.: Provide a detailed listing of the amount of all Long-Term Debt borrowings from affiliated companies at December 31, 2021;
b.: Explain whether the balance of those borrowings and related interest costs were included in the AFUDC inputs for Long-Term Debt and the Long-Term Debt cost rate for purposes of computing AEP East's 2022 AFUDC rates; and
c.: Indicate the amount of interest expense allocated to AEP East from any affiliated service company in 2022 on an affiliated service company's books. In addition, please indicate whether the interest expense allocated to AEP East for AFUDC purposes is offset by a contra-entry and provide full details of such accounting.

Response:
a. Details of long-term debt from associated companies can be found on Pages 256-257 of each companies FERC Form No. 1.
b. The balances and interest associated with long-term debt from associated companies is used in calculating the AFUDC rate.
c. Please refer to JI-1-108 Attachment 1 for the amount of interest expense related to debt allocated to each OpCo and TransCo in 2022. Service company interest expense related to debt is recorded to A&G accounts and is not included in the AFUDC rate calculation.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 109:
Please explain whether AEP East had revolving credit agreements during 2022:
a.: Please explain whether the borrowings under the revolving credit agreements have short-term (one year or less) or long-term maturities;
b.: Please provide a schedule of daily weighted-average outstanding balances for 2022 borrowings under the revolving credit agreement;
c.: Please provide the FERC accounts used in 2022 to record outstanding borrowings from the revolving credit facility(ies); and
d.: Please provide the FERC accounts used to record any upfront or commitment fees during 2022 associated with the revolving credit facility(ies) and explain whether the costs for the revolving credit facility(ies) are computed as a cost of Short-Term or Long-Term Debt in the AFUDC rate calculations and as a cost of Long-Term Debt in the calculation of the overall rate of return applied to rate base in the transmission revenue requirement calculation.

Response:
No AEP Operating Company had outstanding revolving credit facilities during 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 110:
Please identify all open credit facilities during 2021 that had an outstanding balance at any point in 2022. For each credit facility identified, provide the average daily balances during 2022 and indicate the maturity period for outstanding balances under the credit facility.

Response:
APCO had a $125 million 3-year term loan credit facility due May 2025. This facility is fully drawn for all of 2022; the average daily balance is $125 million through 2022. The maturity periods were one month, 3 months, or 6 months throughout 2022.
KPCO had a $125 million 3-year term loan credit facility due December 2023. This facility is fully drawn for all of 2022; the average daily balance is $125 million through 2022. The maturity periods were one month, or 3 months throughout 2022.
KPCO had a $150 million 2-year term loan credit facility due June 2023. This facility is fully drawn for all of 2022; the average daily balance is $150 million through 2022. The maturity periods were one month, two months, three-months or six months throughout 2022.

Date: 10/16/2023

AEP East ER-17-405 & 406 Formula Rate 2022 ATRR DR
FERC Docket No ER17-405-000 & ER17-406-000 2022 ATRR

Responses to JOINT
Set JI-1 of Data Requests

Data Request 111:
Please identify any borrowings outstanding during 2022 from revolving credit facilities that were classified in accounts other than Account 231, Notes Payable, and identify the 2022 interest expense and FERC account used to record the interest costs.

Response:
None of the East Operating companies had revolving credit facilities in place during 2022.

Date: 10/16/2023