



Legal Department

American Electric Power  
801 Pennsylvania Ave. NW  
Washington, DC 20004-2615  
AEP.com

May 28, 2019

Honorable Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First St., N.E.  
Washington D.C. 20426

Amanda Riggs Conner  
Senior Counsel -  
Regulatory Services  
(202) 383-3436 (P)  
arconner@aep.com

**Re: American Electric Power Service Corporation  
Docket No. ER18-195**

Dear Secretary Bose:

American Electric Power Service Corporation, on behalf of its affiliates, Public Service Company of Oklahoma (“PSO”), and Southwestern Electric Power Company (“SWEPCO,” collectively “AEP”), hereby submits for filing, for informational purposes, the true-up to its 2018 annual transmission revenue requirements (“2018 True-Up”)<sup>1</sup>. The 2018 True-Up includes fully populated Microsoft Excel files with formulas intact. Additionally, the Annual Update includes a copy of the AEP Cost Allocation and the AEPSC FERC Form No. 60, which identify descriptions of AEPSC’s costs allocation methodologies and the magnitude of such costs billed to AEPSC’s affiliates as well as a 2018 Actuarial Report, which supports its Post-Employment Benefits Other than Pension (“PBOP”) expenses for the year.<sup>2</sup>

Over the course of 2018, AEP determined that certain radial transmission assets<sup>3</sup> had been included in the transmission rates of the companies over the past several years. Investments associated with these assets in 2018 have been removed from the calculation of the 2018 true-up revenue requirement. In addition, AEP has calculated refunds associated with the related investments for prior years including

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<sup>1</sup> The 2018 True-Up is calculated using formula rate templates submitted in an unopposed settlement filed on February 8, 2018 in FERC Docket No. ER18-195 (“Template Settlement”).

<sup>2</sup> AEP engages Willis Towers Watson Actuarial Services to calculate the Post Retirement welfare obligation and expense using updated employee demographics and other actuarial assumptions such as discount rate, returns on assets, health care cost trend rate, and mortality table.

<sup>3</sup> Radial lines connecting to fewer than two non-affiliated customers do not meet the criteria for inclusion as transmission facilities defined by Attachment AI of the SPP OATT

interest through June 30, 2019<sup>4</sup>. AEP will direct SPP to provide the refunds at the time it remits the 2018 True-Up in July 2019.

Finally, the 2018 true-up calculation reflects the settlement filed in Docket No. ER19-1396 (“ROE Settlement”).<sup>5</sup> The ROE settlement called for AEP to provide refunds for the period June 5, 2017 through December 31, 2018 reflecting a total ROE of 10.5%. In order to calculate this refund, the 2018 True-Up was prepared using the 10.5% ROE. Additionally, the true-up amounts have been updated to reflect the ROE refund for the period from June 5, 2017 through December 31, 2018.

AEP notes that while both the Template Settlement and the ROE Settlement have been submitted to the Commission as uncontested<sup>6</sup>, the Commission has not yet ruled on either settlement. AEP is submitting the annual updates using the agreed-upon templates from those proceedings for the calculation of the true-up. Should the Commission not approve either settlement, AEP will recalculate the 2018 True-Up with interest to reflect any modifications to the settlements.

The 2018 True-Up, including additional workpapers reflecting the above-referenced refunds, have been submitted to the Southwest Power Pool (“SPP”) for posting on its website at:

<http://sppoasis.spp.org/documents/SWPP/MemberRelatedPostings/MemberRelatedPostings.asp>

A copy of this notice of such posting was provided to SPP, the parties in this docket, and to all affected state commissions on May 28, 2019. The 2018 True-Up provides the annual transmission revenue requirements for the 2018 rate year to be billed with interest pursuant to the revised AEP Protocols accepted by FERC in this docket.<sup>7</sup> The 2018 True-Up contains no expenses or costs that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices, as defined in 18 C.F.R. § 35.13(b)(7). In addition, neither PSO nor SWEPCO has made any material changes in its accounting policies and practices

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<sup>4</sup> To calculate the refunds, AEP first calculated the revenue requirement for each year using cost of service inputs from AEP’s annual true-up for the given year. AEP then calculated interest through June 2019 in accordance with Section 35.19a of the Commission’s regulations

<sup>5</sup> This settlement, filed on March 21, 2019, resolves the ROE complaints filed by East Texas Electric Cooperative against PSO, et al in Docket Nos. EL17-76 and EL18-199.

<sup>6</sup> Southwest Power Pool, Inc., 167 FERC ¶ 63,018 (2019) and East Texas Electric Cooperative, Inc., 167 FERC ¶ 63,019 (2019)

<sup>7</sup> Southwest Power Pool, Inc., 161 FERC ¶ 61,306 (2018)

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from those in effect during the previous rate year and upon which the current rate is based. A copy of this 2018 True-Up is also available at:

<http://www.aep.com/about/codeofconduct/OASIS/TariffFilings/>

AEP will host a webinar and teleconference meeting from 3 p.m. to 4 p.m. (Eastern Time) on July 9, 2019, to afford interested parties the opportunity to discuss the 2018 True-Up. Information regarding the meeting will be available at:

<http://www.aep.com/about/codeofconduct/OASIS/TariffFilings/>

Thank you for your attention to this informational filing. Please contact the undersigned if you have any questions concerning this filing.

Respectfully submitted,

/s/ Amanda Riggs Conner  
Amanda Riggs Conner  
American Electric Power Service Corporation  
801 Pennsylvania Avenue, N.W.  
Suite 735  
Washington, DC 20004-2615  
202-383-3436  
arconner@aep.com

Senior Counsel for American Electric Power Service  
Corporation