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Data Request 08:
In reference to the responses to JI-1-10d and JI-1-10g, please explain the reasons why the AEP West OpCos and TransCos recorded no accounting entries on their books and reported no adjustments in their FERC Form 1 reports, equivalent to the stand-alone NOLC ratemaking adjustments to accumulated deferred income taxes ("ADIT") included on the annual and projected revenue requirement ADIT worksheets (e.g., WS C-1 and WS C-2) and the amortization of deficient NOLC ADIT resulting from the TCJA remeasurement of the stand-alone NOLC ADIT ratemaking adjustments.

Response:
Please see response JI-3-6(c). For SEC and FERC final reporting (FERC Form 1) the entries are accurate. The stand-alone NOLC is a ratemaking adjustment only.

Date: □

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Data Request 09:
In reference to the response to JI-1-10h., please confirm that the use of the term stand-alone in the response explaining that state NOLs are calculated and reported in FERC Form 1 on a stand-alone basis is equivalent to computing and reporting state NOLs on a separate return basis, and if unable to confirm, please explain the reasons why.

Response:
Confirmed.

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Data Request 10:
In reference to the response to JI-1-10h., please provide a narrative explanation and illustrative example for the AEP West companies on how the state NOLs are accounted for, why the state NOLs are accounted for differently than federal NOLs, and how this accounting method produces a stand-alone result.

Response:
The state NOLs are dependent on the particular state requirements and not associated with the normalization rules to which the federal NOLs are subject.

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Data Request 11:
In reference to the response to JI-1-10j., please confirm that, under a separate return method, the sum of Net Operating Loss carryforwards amounts allocated in a tax year to individual members of the AEP consolidated group for the consolidated federal tax return may differ from sum of the consolidated amount of Net Operating Loss carryforwards and may be greater than the total consolidated amount, and if unable to confirm, please explain why.

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

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Data Request 12:
In reference to the response to JI-1-10j., AEP West explained "[u]nder the standalone method the consolidated tax expense is allocated to individual members through recognition of the benefits/burdens contributed by each member of the consolidated group to the consolidated return. Under the standalone method, the sum of amounts allocated to individual members equal the consolidated amount." Please confirm that AEP West companies' stand-alone NOLC ratemaking adjustments included in Accounts 190, 282, and 283, effectively adjust for ratemaking purposes, the stand-alone allocations of the consolidated tax expense allocated to each of the AEP West companies such that the sum of the consolidated amounts allocated, as adjusted by the stand-alone NOLC ratemaking adjustments, will no longer equal each AEP West company's allocation of the consolidated amount. If unable to confirm, please explain the reasons AEP West is unable to confirm.

Response:
Confirmed.

Date: 11/22/2022

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Data Request 13:
In reference to the response to JI-1-10k., please provide the docket numbers and descriptions of each state proceeding in Arkansas, Louisiana, Oklahoma, and Texas that considered AEP West's stand-alone method for NOL Carryforwards ADIT and/or ADIT deficiencies related to the stand-alone method for NOL Carryforwards ADIT, and copies of any retail orders allowing rate recovery of stand-alone treatment for NOLs Carryforwards ADIT and/or ADIT deficiencies.

Response:
Southwestern Electric Power Company and Public Service Company has presented the Stand-Alone method for Net Operating Losses in their jurisdictions of Arkansas (Docket No. 21-070-U, Louisiana (Docket No. U-35441), Oklahoma (Cause No. PUD 202100055), and Texas (SOAH Docket No. 473-21-0538 PUC Docket No. 51415). The companies are awaiting the Internal Revenue ruling on the Public Letter Ruling for the stand-alone NOLC.

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Data Request 14:
In reference to the response to JI-1-10m., please confirm that AEP West's stand-alone method produces the same results regarding the utilization of and calculation of carrybacks and carryforwards of net operating losses as would a Separate Return Method for the AEP West companies. If unable to confirm, please explain how the calculation of the utilization, carryback and carryforward of net operating losses would differ under the two methods (i.e., stand-alone method and separate return method).

Response:
Confirmed. Please see response in JI-3-6 (c) for FERC Ratemaking.

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Data Request 15:
In reference to the response to JI-1-10m., please confirm that AEP West's stand-alone NOL Carryforwards ratemaking adjustments do not factor into the AEP West transmission revenue requirement calculations the value of the cash flow tax benefits the AEP West companies received from affiliated entities' use of the AEP West companies' net operating losses on the AEP consolidated federal income return. If unable to confirm, please explain how the value of the cash flow tax benefits are factored into the AEP West companies' transmission revenue requirements.

Response:
Confirmed.

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Data Request 16:
In reference to the response to JI-1-10m., AEP West stated "[a] stand-alone DTA, the methodology adopted here, does not include tax payments from affiliated entities…until the tax benefit of the NOLC has actually been realized, there is not interest-free loan from the federal government." Please confirm that the AEP West companies receive payments from affiliate companies pursuant to allocations made for the AEP consolidated federal tax return for NOLs that are realized and utilized on the consolidated returns that represent interest-free loans to the AEP federal consolidated group. If unable to confirm, please explain why the utilization of the AEP West companies' NOLs on the consolidated federal tax return do not represent interest-free loans from the federal government.

Response:
Confirmed.

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Data Request 17:
In reference to the response to JI-1-1m., please confirm that, to the extent the AEP consolidated tax group has fully utilized an AEP West OpCo's or TransCo's federal net operating loss computed on a federal consolidated income tax basis, the net operating loss has been utilized for income tax purposes with a taxing authority and cannot be claimed on a future income tax filing with that taxing authority, and if unable to confirm, please explain the reasons why.

Response:
Confirmed.

Date: 11/22/2022

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Data Request 18:
In reference to the response to JI-1-10o., please explain whether the AEP West companies actually included in the 2020 ATRR and True-Up calculations stand-alone NOL Carryforwards ADIT ratemaking adjustments in Accounts 1901001, 2821001, and 2831001, and included amortization of the deficiencies in ADIT of the NOL Carryforward ADIT ratemaking adjustment reducing the input on line 116 of the Income Tax Allowance calculation thereby reducing the Income Tax Allowance input for the amortization of Excess Deferred Income Taxes under the Tax Cuts and Jobs Act.

Response:
For the 2020 ATRR and True-up calculations, AEP West companies did not include the stand-alone NOLC. The companies did provide the NOLC balances with the 2021 filing.

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Data Request 19:
In reference to the response to JI-1-10o., please identify the ratemaking adjustments included in the AEP West 2020 ATRR and True-Up calculations for AEP West's stand-alone method for NOLs carryforwards ADIT by ATRR schedule or worksheet reference, line number, column reference, etc.

Response:
Please see response in JI-3-18.

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Data Request 20:
In reference to JI-1-11 Attachment 1, please identify on what AEP West ATRR schedules or worksheets the referenced inputs are included for "960-X5 410/411-Excess Deferred Tax (Line 119)" on a Total Company basis and on a Transmission functional basis on December 31, 2020 and on December 31, 2021.

Response:
These inputs are included in the Excess Deferred Income Tax row in the TCOS tabs for each company. This is found on the 2022 AEP Template, Tab TCOS, Row 105 for the OpCo's, and row 109 on the Trans Co's. This row includes the sum of the 2021 protected excess and protected deficient amortization, as well as the 2021 unprotected excess amortization.

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Data Request 21:
Regarding the response to JI-1-16, please provide copies of the private letter ruling requests submitted to the Internal Revenue Service for any AEP West company and any private letter rulings issued by the Internal Revenue Service in response.

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

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Data Request 22:
In reference to JI-1-17 Attachment 1, please provide or explain:

a. A workpaper (in a workable Excel format) showing for each AEP West company the buildup of the Account 1901001 stand-alone NOL Carryforward ADIT adjustment amount by tax year and identifying the stand-alone NOL amount and the applicable income tax rates used to derive the Account 1901001 balance;
b. A workpaper (in a workable Excel format) the Account 1901001 stand-alone NOL Carryforwards ADIT adjustment balance for each AEP West company immediately prior to the December 31, 2017 remeasurement under the Tax Cuts and Jobs Act;
c. For each AEP West company, provide each company's tax return calculation of taxable income or loss listed in column D of attachment JI-1-17 Attachment 1; and
d. What is the Deficient Offset?

Response:

a. In JI-1-17 Attachment 1, the buildup of Account 1901001 is shown in the row labeled "Account 190". Each cell in this row references the "NOL Vintage Years" schedule which is shown at the top of this attachment for each company. In specific, the buildup of stand-alone NOL Carryforward in account 1901001 is the accumulated taxable income/(loss) amount for each year. For tax years prior to 2017, the federal tax rate was 35%. For tax years 2017 and onward, the federal tax rate is 21%. This is also reflected in the cell formulas in the "Account 190" row.
b. This balance can also be found in the row labeled "Account 190". Please see this row and find the column labeled "2016" to see the balance immediately prior to December 31, 2017.
c. Each company's taxable income or loss as found in Column D of Attachment JI-1-17 Attachment 1 is based on each company's proforma tax returns. Each company's tax return calculation of taxable income or loss is based on each company's proforma tax return. This information is confidential in nature.
d. Deficient Offset is the deficient amortization of the Deficient Tax related to the Net Operating Loss Carryforward calculated on a stand-alone basis. Deficient Taxes are created when a statutory tax rate changes causing a remeasurement of deferred taxes. When a Deferred Tax Asset is remeasured form a higher tax rate to a lower tax rate (i.e., 35% to 21%), deficient ADIT is created as a result. This is in contrast to the remeasurement of a Deferred Tax Liability which results in excess ADIT.

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Data Request 23:
In reference to JI-1-17_Attachment 1, the Excel worksheets for PSO, SWEPCo, and OKT explain "Final Balance of 2821001 Adjustment for 12.31.2020 (inadvertently excluded the 2019 RTP in the 2021 ATRR)" and "Final Balance of 2821001 Adjustment as of 12.31.2021 (inadvertently excluded the 2019 and 2020 RTP in the 2021 ATRR)." For each AEP West company, please provide:

a. The amounts of the RTP adjustments that were excluded from the 2021 ATRR;
b. The corrected adjustment balance for Account 2821001 for December 31, 2020;
c. The amounts of the 2019 and 2020 RTP adjustments that were excluded from the December 31, 2021 ATRR;
d. The corrected adjustment balance for Account 2821001 for December 31,2021; and
e. An explanation of how AEP West will update the Account 2821001 inputs for December 31, 2020 and December 31 2021 and recompute the 2021 ATRR and True-Up calculations.

Response:

a. The RTP adjustments that were excluded from the 2021 ATRR are identified in JI-1-17 Attachment 1. For the 2019 RTP, see the row labelled "2019 RTP Deficient Offset". For the 2020 RTP, see the row labelled "2020 RTP Deficient Offset".
b. The corrected adjustment balance for Account 2821001 for December 31, 2020, can be found on the row labelled "Final Balance of 2821001 Adjustment for 12.31.2020 (inadvertently excluded the 2019 RTP in the 2021 ATRR".
c. The RTP adjustments can be found on the rows labeled "2019 RTP Deficient Offset" and "2020 RTP Deficient Offset".
d. The corrected adjustment balance can be found on the row labeled "Final Balance of 2821001 Adjustment as of 12.31.2021 (inadvertently excluded the 2019 and 2020 RTP in the 2021 ATRR)."
e. AEP West will update Account 2821001 for these balances through future ATRR filings. The 2022 ATRR (to be filed in May 2023) will include the correct December 31, 2021, balance which will reflect the 2019 and 2020 RTP.

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Data Request 24:
In reference to response to JI-1-17 Attachment 1, Joint Intervenors request a technical conference call with AEP to discuss the data, calculations, and information included on the AEP West OpCos' and TransCos' worksheets which also provide responses to or support answers to other questions (for example, JI-1-11, 18, 21, 22, 23, and 25) in the Joint Intervenors' discovery Set 1.

Response:
Yes, the Company will accept a technical call.

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Data Request 25:
In reference to the response to JI-1-19 Attachment 1, Joint Intervenors request a technical conference call with AEP to discuss the “with” and “without” calculations shown on the worksheets provided in attachment JI-1-19 Attachment 1 of the response to JI-1-19.

Response:
Yes, the Company will accept a technical call.

Date: 11/22/2022

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Data Request 26:
In reference to the response to JI-1-21 that stated, "Please see JI-1-17 Attachment 1 for the allocation of 282 and 283 which were based off of the functional book excess balances as of TCJA 2017." For each OpCo and TransCo, please provide workpapers (in a workable Excel format) showing the calculation of the "functional book excess balances as of TCJA 2017" used to compute the allocation of the deficient ADIT between Accounts 282 and 283.

Response:
Please see the case history of the AEP West Operating and Transmission Companies' applications arising out of the FERC's Order 864 for the requested information. The specific dockets are ER20-2574 for the West Operating Companies, and ER20-2577 for the West Transmission Companies.

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Data Request 27:
In reference to the response to JI-1-30 which states "[t]he account 2831001 balance will be settled when all of the unprotected is amortized and refunded back to customers." Please explain:

a. What method and amortization period will be used to amortize the unprotected deficiency shown in Account 2831001;
b. Was any of the unprotected deficiency shown in Account 2831001 amortized in 2020 or 2021 for SWT and if so, how much?;
c. Has AEP West sought, or will AEP West seek Commission approval of the method and amortization period to be used to amortize the unprotected ADIT deficiency?;
d. How will the amortization of the unprotected deficiency result in a refund to customers?; and
e. Why is the amortization of the unprotected ADIT deficiency is not occurring over the same period that other unprotected ADIT deficiencies and excesses are being amortized?

Response:

a. The unprotected deficient ADIT has not been amortized. An amortization period needs to be agreed upon or ordered by the Commission.
b. No.
c. Yes, AEP will seek Commission approval of the amortization period to be used to amortize the unprotected ADIT deficient.
d. The unprotected deficient amortization will not result in a refund to customers.
e. The 2831001 unprotected excess and deficient amounts are two different calculations. The unprotected deficient amounts are based off the stand-alone NOLC balance as of TCJA 2017. The Commission will need to approve an amortization period to be used.

Date: 11/22/2022