



SUBJECT: AEP East Operating Companies' and East Transmission Companies' 2018 Formula Rate True Discovery Responses to Joint Interveners Set 2.

Responses are grouped numerically by the date they were submitted to the Joint Interveners.

Because of their voluminous nature, attachments referenced in these responses will be provided based on an emailed request. Requests for attachments deemed confidential will require execution of a non-disclosure agreement prior to being provided.

Requests can be sent to:

David Weiss
American Electric Power Service Corporation
Regulatory Case Manager
dbweiss@aep.com

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-1:

In reference to AEP's response to JI 1-20, please verify whether the expenses associated with the origination of the labor or third-party providing the service is credited to the same account where the expense is recorded.

Response:

Billings amongst AEP companies are generally billed to the affiliate receiving the service using the same account that the affiliate providing the service used for the initial transaction. The affiliate providing the service also credits the billing to the affiliate back to the same account.

Preparer of Response: Rhoderick C. Griffin

Date: 11/15/2019

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Responses to AMP
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Data Request JI Set 2-2:

In reference to AEP's response to JI 1-21, please provide the following:

- a. A detailed explanation as to how AEP determines whether a project is initially developed for an OpCo or TransCo.
- b. Does AEP have a list of projects in advance associated with each?
- c. Are there any materials not associated with a project on-site? If yes, please describe how AEP handles those materials and where/how they are recorded.

Response:

- a. AEP has developed a "Project Selection Guideline" document that provides guidance to AEP Transmission personnel in determining what projects or project components should be developed by AEP operating companies (OpCo) and AEP Transmission Company (TransCo) subsidiaries. This document identifies which assets are eligible to be TransCo assets. See JI 2-2 Attachment 1 for a copy the document in its entirety.
- b. No. AEP Transmission first works to identify needs on the transmission system. Next, a number of solutions are developed to address these needs. Only after the best solutions have been identified does AEP Transmission begin to consider the ownership of individual transmission components that comprise these solutions.
- c. No. The laydown yards are designed to manage only capital material so any material shipped to the laydown yards are specifically tagged and recorded for a project.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 11/15/2019

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Data Request JI Set 2-3:

In reference to AEP's response to JI 1-25, Sales and Use Tax, please state whether when recording the purchase of goods and services it also includes the taxes in the expense.

Response:

Yes. Sales and use taxes follow the accounting distribution of the purchase. Therefore, if a taxable purchase is charged to expense, then the sales/use taxes also would be charged to expense. However, charges relating to tax adjustments may be made directly to the 408 tax expense account to avoid the administrative burden required to apply adjustments back to their source transaction.

Preparer of Response: Daniel E. Ernst

Date: 11/15/2019

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Responses to AMP
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Data Request JI Set 2-4:

In reference to AEP's response to JI 1-25, State Public Service Commission Fee, please provide the following:

- a. An explanation as to how this is a tax given that the public utility commission does not have taxing authority.
- b. The justification for recording these fees in "Other Taxes."
- c. An explanation as to why these fees should not be recorded to Account 928 – Regulatory Commission Expenses, which is defined by the USoA as "A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act." given that they are directly related to fees for the state regulatory commission.

Response:

- a. & b. The expenses that are included in Account 408 include fees that are assessed to the Companies based on the Companies' revenues. These are consistent with FERC USoA instructions, which state that Account 408.1 shall "include those taxes other than income taxes which relate to utility operating income."
- c. The public commission fees are not incurred by the utility solely in connection with formal cases before the Commissions. Rather, they are costs incurred due to being a public utility in the state.

Preparer of Response: Daniel E. Ernst

Preparer of Response: Christopher K. Duffy

Date: 11/15/2019

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Set AMP Set 2 of Data Requests

Data Request JI Set 2-5:

In reference to AEP's response to JI 1-26, it appears that AEP has included Greenhat expenses in Account 566 in the various OpCos and TransCos. For instance, JI-07_Attachment 1.xlsx, APCo included the following entries in Account 566:

Row 2545 - \$258,523.63 GreenHat Default Contingency
Row 2571 - \$103,695.97 RECORD ACTUAL PJM REVENUE
Row 3017 - \$(11,597.64) GreenHat Default Contingency
Row 3272 - \$(9,296.05) GreenHat Default Contingency

Please provide the following:

- a. A detailed description of each of the four entries above and what these expenses represent.
- b. A detailed explanation and justification for recording GreenHat Default expenses in Account 566.
- c. Provide a detailed tabulation of all GreenHat Default expenses included in Transmission O&M as previously requests since it appears AEP has inadvertently misstated its accounting of the Greenhat Default.

Response:

- a. Row 2545 - \$258,523.63 GreenHat Default Contingency - This entry recorded the probable loss contingency accrual related to the GreenHat Default.
Row 2571 - \$103,695.97 RECORD ACTUAL PJM REVENUE - This entry reclassified July and August actual GreenHat Default expense reflected on the PJM invoice from account 5614007 to account 5660000.
Row 3017 - \$(11,597.64) GreenHat Default Contingency - This is the monthly reversal of the probable loss contingency accrual as the actual amount comes through on the PJM invoice.
Row 3272 - \$(9,296.05) GreenHat Default Contingency - This is the monthly reversal of the probable loss contingency accrual as the actual amount comes through on the PJM invoice.
- b. GreenHat expenses are allocated to O&M expense because they were incurred as a cost of doing business relative to AEP's membership in PJM. The AEP East Operating Companies record these expenses in a 561.4 account because of their designation as load serving entities in PJM. The AEP East Transmission Companies, and Ohio Power Company, recorded these expense as a miscellaneous cost in account 566.
- c. See JI Set 2-5 Attachment 1 for GreenHat costs through December 2018.

Preparer of Response: Craig M. Adelman

Preparer of Response: Jason M. Yoder

Preparer of Response: Malinda L. Dielman

Date: 11/15/2019

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Data Request JI Set 2-6:

In reference to AEP's JI-027_Attachment_1.xlsx, tab "Kentucky Power," Pension and Other Postretirement Plans, Row 8 – Account 228 in the amount of \$26,656 and Row 9 – Account 242 in the amount of \$150, please provide an explanation as to why these unfunded reserves are not included on KPCo's tab "WS A – RB Support," Unfunded Reserves Summary, Lines 52 – 54, given that the underlying amounts are included in Account 165 in the template under "WS C – Working Capital."

Response:

The accounts and amounts in question are not unfunded reserves. As shown in JI-027 Attachment 1 the amounts of \$26,656 and \$150 are offset by other balance sheet accounts and therefore can not be considered unfunded reserves. Please see the response to JI Set 2-34 regarding unfunded reserves.

Preparer of Response: Russell G. Doyle

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-7:

In reference to AEP's JI-027_Attachment_1.xlsx, tab "IM Power," Pension and Other Postretirement Plans, Row 22 – Account 228 in the amount of \$1,048,646 and Row 23 – Account 242 in the amount of \$13,472, please provide an explanation as to why these unfunded reserves are not included on I&M's tab "WS A – RB Support," Unfunded Reserves Summary, Lines 52 – 54, given that the underlying amounts are included in Account 165 in the template under "WS C – Working Capital."

Response:

Please see the Company's response to JI Set 2-6.

Preparer of Response: Russell G. Doyle

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-8:

In reference to AEP's response to JI 1-28a., AEP's example in its response only exhibits journal entries under the scenario that the utility receives payment in advance for CIAC. CIAC is not necessarily received before construction work is done. Please provide a journal entry example of how AEP would handle CIAC that has not been received in advance of construction.

Response:

Below is an example of the journal entries made if CIAC is not received in advance of construction.

To record construction activity
DR Account 1070001 (CWIP) \$XXX,XXX
 CR Account 1310000 (Cash) \$XXX,XXX

To record receipt of CIAC
DR Account 1310000 (Cash) \$XXX,XXX
 CR Account 1070001 (CWIP) \$XXX,XXX

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-9:

In reference to AEP's response to JI 1-28, it does not appear that AEP records a contra-asset for CIAC, please provide a detailed explanation and supporting documentation as to how AEP keeps track of CIAC included in plant.

Response:

Contributions in Aid of Construction (CIAC) are tracked by project ID and work order. CIAC has a designated cost component/cost element (018) that is used for the purposes of tracking and CIAC is also assigned a "charge type" of "CIAC" within the Company's property records (i.e. PowerPlant).

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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Data Request JI Set 2-10:

In reference to AEP's response to JI 1-28, please provide the guidelines (state, FERC, IRS etc.) AEP uses for its journal entries to record CIAC.

Response:

When recording a CIAC to CWIP, the Company follows FERC Electric Plant Instruction 2(D). When recording excess CIAC to a liability, the Company considers CIAC received in advance of construction a liability as defined by Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Concepts No. 6, Elements of Financial Statements.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-11:

In reference to AEP's response to JI 1-28, please state whether AEP is grossing up CIAC for taxes as required by the IRS. If not, please provide an explanation for why not.

Response:

AEP grosses up CIAC for taxes due when such CIAC receipts are considered taxable under Section 118 of the Internal Revenue Code (IRC).

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-12:

In reference to AEP's response to JI 1-28, please provide (i) an explanation as to why AEP is not recording income associated with CIAC in accordance with the IRS and tax law and (ii) detailed calculations as to how AEP is complying with these laws.

Response:

As described within AEP's response to JI 1-28, the receipt of CIAC is not recognized as income for financial reporting purposes but rather recorded as a credit to Account 107 – CWIP.

When CIAC receipts are considered taxable under the IRC, AEP will recognize an income tax liability offset by a deferred tax asset, which represents tax basis in the property for which there is no basis for financial reporting purposes. This deferred tax asset will unwind over time as AEP recognizes depreciation expense for tax purposes for which there is no associated depreciation expense for financial reporting.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-14:

In reference to AEP's response to JI 1-41c., please provide a detailed explanation of the reasons of why spares were scrapped.

Response:

Transformers and circuit breakers can be retired and scrapped for various reasons. The first and foremost reason would be if the condition of the asset has deteriorated to the point where it is no longer considered useful. Power transformers experience degradation from various contamination and aging processes. Similarly, as circuit breakers age they are susceptible to environmental and operating conditions that will eventually lead to unreliable operation or failure. Finally, as bushings age, O-rings, gaskets and seals may become brittle. In addition, once equipment is no longer supported by the manufacturer, parts become difficult or impossible to find. Older equipment may have also have nonstandard configurations or odd dimensions which again make it difficult to source replacement parts. Finally, older assets can also reach the point where they no longer meet current design or operation standards or, due to changes on the AEP transmission system, are no longer usable for their specific electrical characteristics. An example would be a transformer with a voltage class that is no longer used by AEP.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 11/15/2019

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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-13:

For each OpCo and TransCo, please provide a copy of all CIAC agreements.

Response:

THIS RESPONSE WAS REVISED AND RESENT ON NOVEMBER 20, 2019 TO REFLECT THE CONFIDENTIAL NATURE OF THE ATTACHMENTS.

NOTE:

The response to this question is considered Confidential or Highly Sensitive.

For access to this response, a signed Confidentiality Agreement is required.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Preparer of Response: Kathleen M. Zappitelli

Date: 11/20/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-15:

In reference to AEP's response to JI 1-46b./d., the JI-46_Attachment_1.xlsx file, please provide the FERC account(s) where the expenses associated with the following insurance policies are recorded.

- a. IM Transco - TP003-170220
- b. Ohio Power - P003-180266

Response:

Both of these policies were expensed to FERC Account 924 (Property Insurance) for the respective companies.

Preparer of Response: Rhoderick C. Griffin

Date: 11/15/2019

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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-16:

In reference to AEP's response to JI 1-50 Attachment 1, please identify the FERC Account(s) where the following have been recorded:

- a. Row 2 - Mudlick 69kV Station
- b. Row 5 - Belmont Office Service Center

Response:

The assets for the Mudlick 69kV Station are recorded in FERC accounts 36000 – Land, 36100 – Structures & Improvements, and 36200 – Station Equipment.

The assets for the Belmont Office Service Center are recorded in FERC accounts 35300 – Station Equipment, 38900 – Land, 39000 – Structures & Improvements, 39400 – Tools, 39700 – Communication Equipment, and 39800 – Miscellaneous Equipment.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-17:

In reference to APCo's "WS A - RB Support" tab, Column (b) OATT Ancillary Service (GSU) Plant in Service, please provide (i) a detailed tabulation of the assets included in the beginning balance of \$70,365,479 shown on Line 29, (ii) the additions and retirements during the year by asset, and (iii) a detailed tabulation of the assets included in the ending balance of \$81,901,440 shown on Line 41.

Response:

Please see JI 2-17 Attachment 1.xls.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-18:

In reference to Attachment 1 provided in response to JI-62, for each ADIT line item listed on the Attachment, please indicate whether the ADIT amount is protected or unprotected.

Response:

See column G in JI-2-18 Attachment 1 for Protected and Unprotected classification. Some of the ADIT line items are a combination of Protected and Unprotected because those line items combine both method/life timing differences which are protected and differences arising from basis adjustments which are unprotected. Protected is calculated using the average rate assumption method (ARAM). The 960 XS F line items where the excess ADIT was reclassified into have the word protected or unprotected in the line item description, so Column G was not prepared for those items.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
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Responses to AMP
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Data Request JI Set 2-19:

In reference to AEP's response to JI 1-68, please respond to this revised request. In reference to APCo's 2018 FERC Form 1, page 123.78, and the Chemical Station project, located at N. Charleston, WV and which is classified as Transmission. Please respond to the following questions regarding the Chemical Station energy storage battery facility:

- a. Please explain the original purpose of the facility.
- b. Provide supporting documentation and working papers that detail the original purpose of the facility.
- c. Did the facility ever have a transmission generation agreement?
- d. Did the facility ever have a distribution generation agreement?
- e. Specify the meter to which the facility was interconnected before its retirement.
- f. Specify the voltage level the facility was interconnected at before its retirement.
- g. Was the facility located behind a distribution meter before its retirement? If yes, when the facility generated electricity did it reduce the system demand located behind the distribution meter?
- h. Was the facility located behind a transmission meter before its retirement? If yes, when the facility generated electricity did it reduce the system demand located behind the transmission meter?
- i. Was the facility used to peak shave before its retirement? If not, please explain why. Please refer to the following AEP site for an explanation of the term "peak shave," <https://www.aepsustainability.com/energy/grid-modernization/energy-storage/>
- j. Was the facility registered as "Non-Retail Behind The Meter Generation" before its retirement, as defined in the PJM Open Access Transmission Tariff, with PJM?
- k. Before the facility's retirement, was the dispatch of the facility under PJM's operational control?
- l. Before the facility's retirement, did the facility provide for any ancillary service? If yes, identify the ancillary services.

Response:

- a. The facility was used for peak shaving on the Chemical #3 45-12 kV, 20 MVA transformer.
- b. See JI 2-19 Attachment 1.
- c. No.
- d. No.
- e. The battery was connected to the Chemical/West Washington Street Feeder via a 12 kV underground riser and 1500 KVA ,12 kV-480 V transformer. No meter was used as this battery was being utilized as a system asset.
- f. 12 kV.
- g. No, the battery was being utilized as a system asset.

- h. No, the battery was being utilized as a system asset.
- i. Yes.
- j. No.
- k. No.
- l. No.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-20:

In reference to AEP's response to JI 1-68, please provide the justification for not writing off this asset, including any corporate policies used to make the determination to leave the asset in plant.

Response:

The Company follows FERC's Electric Plant Instructions, Item 10 "Additions and Retirements of Electric Plant" when accounting for retirements of plant and the associated cost of removal. Item 10, part B(2) states "When a retirement unit is retired from electric plant, with or without replacement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to electric plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account."

The Company has identified an oversight in following these instructions in the case of the Chemical Station project. The Company is working to correct this oversight.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-21:

In reference to the JI1-71 Attachment, Column “long description,” please verify that the items entitled “HILL-REPL 34.5KV CBS F&G” are related to transmission and not a portion or more related to distribution.

Response:

Please reference JI 2-21 Attachment 1 for a description of the project being questioned.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-23:

In reference to the JI1-72 Attachment, Column “long_description,” please verify that all entries with the following titles are related to transmission and not a portion or more related to distribution.

- a. CLOVERDALE 138KV 34.5KV BUS 3
- b. CLOVERDALE NIAGARA 34KV ASSEMB
- c. HILL-REPL 34.5KV CBS F&G
- d. LAKIN DSC GOLR TR1 LOW SIDE RE

Response:

Please see JI 2-23 Attachment 1 for the requested information.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-25:

In reference to the JI1-73 Attachment, Column “long_description,” please provide a detailed description of each and describe what is meant by “replaces ... TRANSCO” (if applicable).

- a. BIM-HOPKINS SOIL REMEDIATION
- b. FARADAY-TAZEWELL 138KV LINE APCO - REPLACES 42078383 TRANSCO
- c. WHITEWOOD 138KV EXTENSION - APCO (REPLACES TRANSCO 42090191)
- d. WHITEWOOD-RICHLANDS: NEW 138KV-APCO (REPLC 42076364 TRNSCO)

Response:

Please see JI 2-25_Attachment 1 for a detailed explanation of each project.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-26:

In reference to APCo's response to JI 1-79, it appears that AEP has included the General Plant ARO amount of \$32,936.66 in its depreciation expense amount shown on Line 101 – General in the total amount of \$5,651,442, which matches the total (includes ARO) shown on JI-1-79_Attachment_1.xlsx, FERC Form 1 Summary tab. Please provide the justification for including General Plant ARO in depreciation expense and provide the FERC Docket No. where AEP received approval to include the associated ARO.

Response:

The justification for including an allocated portion of total general plant depreciation expense which is Depreciation and Amortization of Electric Plant (Account 403, 404, 405) Column (f), page 336 of Appalachian Power Company *FERC Form No. 1* is the settled and approved Transmission Cost of Service Formula in FERC Docket ER17-405.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
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Data Request JI Set 2-27:

In reference to JI_Set_1-80_Attachment 1, “APCo” Tab, Row 13 – MACSS Misc Service Revenues in the amount of \$(2,974,904.74), please provide a detailed explanation of what this line item represents and provide a detailed tabulation of the revenues included in this line item.

Response:

Miscellaneous Service Charges as defined in the Tariff book, are billed to customer electric accounts through the company's customer information system, MACSS. These are distribution retail charges and are not allocated as a revenue credit in the transmission formula rate. See the attachment to this response for the detail of the charges.

| Sum of Dollar Amt | Revn Sorc | Revn Sorc Desc | Total |
|-------------------|--------------------|-----------------------|------------------------|
| | CKCHG | RETURNED CHECK CHARGE | \$ 117,734.45 |
| | ENDIV | ENERGY DIVERSION | \$ 29,556.89 |
| | RECON | RECONNECT CHARGE | \$ 1,395,291.89 |
| | SVCHG | SERVICE CHARGE | \$ 5,826.51 |
| | SVCON | SERVICE CONN CHARGE | \$ 1,195,596.00 |
| | TEMP | TEMPORARY SERVICE | \$ 230,699.00 |
| | TRIP | DISCONNECT TRIP CHG | \$ 200.00 |
| | Grand Total | | \$ 2,974,904.74 |

Note: Energy Diversion are extrapolated revenues calculated due to meter error or by-pass.

Preparer of Response: Adam C. Poland

Date: 11/15/2019

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**Responses to AMP
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Data Request JI Set 2-28:

In reference to JI_Set_1-80_Attachment 1, “APCo” Tab, Row 19 – Annual Rental Payment in the amount of \$(2,715,297.52), please provide a detailed description of the what this line item represents. To the extent that these rental payments are associated with multiple locations, please provide a detailed description and associated amount with each that totals this amount.

Response:

In 2012 the Public Service Commission of West Virginia issued an Order in Case No. 10-0577-E-PC that established a rental payment between AEP West Virginia Transmission Company (WV T-Co) and APCo and WPCo. This Order required WV T-Co to make annual rental payments to APCo and WPCo based on WV T-Co's ending rate base balance as determined in its annual true-up filing. The annual rental fee is equal to \$1800 per \$228,000 on the first \$100 million of WV T-Co net rate base and \$1200 per \$228,000 on the all net rate base over \$100 million.

Please refer to JI 2-28 Attachment 1 for the 2018 calculation and JI 2-28 Attachment 2 for the WVPSC Order.

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Jennifer C. Mohler

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
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Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-29:

In reference to JI_Set_1-80_Attachment 1, “APCo” Tab, please identify (i) the FERC Account(s) the assets related to each property is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc.

- a. Row 20 - APPALACHIAN POWER HEADQUARTERS
- b. Row 21 - BECKLEY SERVICE CENTER
- c. Row 22 - BLUEFIELD SERVICE CENTER
- d. Row 24 - CHARLESTON SERVICE CENTER
- e. Row 25 - CLOVERDALE STATION CREW BUILDING
- f. Row 26 - FIELDALE OFF & SERV CENTER
- g. Row 27 - GLADE SPRING SERVICE CENTER
- h. Row 28 - HUNTINGTON SERVICE CENTER
- i. Row 29 - HURRICANE CALL CENTER
- j. Row 30 - JOHN W. VAUGHAN CENTER METER &
- k. Row 31 - JOHN W. VAUGHAN CENTER SERV &
- l. Row 33 - LOGAN SERVICE CENTER
- m. Row 35 - LYNCHBURG SERVICE CENTER
- n. Row 36 - MARMET BUILDING
- o. Row 39 - NORTH CHARLESTON SC ANNEX
- p. Row 40 - POINT PLEASANT OFFICE & SERVICE CENTER
- q. Row 41 - PULASKI SERVICE CENTER
- r. Row 42 - RENTAL PAYMENT
- s. Row 43 - RICHMOND OFFICE
- t. Row 44 - RIPLEY OFFICE & SERVICE CENTER
- u. Row 45 - ROANOKE OFFICE
- v. Row 46 - ROANOKE SERVICE CENTER
- w. Row 47 - ROCKY MOUNT OFFICE & SERVICE CENTER
- x. Row 55 - ST. ALBANS SIMULATOR LEARNING
- y. Row 56 - TAZEWELL OFF & SERV CTR
- z. Row 58 - WYTHEVILLE SERVICE CENTER

Response:

For both items a. through q. and s. through z., the assets are recorded in FERC accounts 38900 – Land, 38910 - Land and Rights, 39000 – Structures & Improvements, and 39700 – Communication Equipment. The rental payment is associated with one business unit owning a facility and another business unit utilizing space in that facility and is considered revenue received from an affiliate.

For item r., the assets are recorded in FERC account 39000 – Structures & Improvements. The rental payment is associated with a business unit utilizing facilities owned by the distribution business unit and is considered revenue received from an affiliate.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-30:

In reference to JI_Set_1-80_Attachment 1, "APCo" Tab, please identify (i) provide a detailed description of each line item, (ii) the FERC Account(s) the assets related to each is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc.

| | | | | | | | |
|----|---------------------------|----|----|-----------|---------------|---|--------------------|
| a. | Row | 49 | - | SIMULATOR | LEASE | - | JAN-FEB |
| b. | Row | 50 | - | | SIMULATOR-BIG | | SANDY |
| c. | Row | | 51 | - | | | SIMULATOR-CARDINAL |
| d. | Row | | 53 | - | | | SIMULATOR-MITCHELL |
| e. | Row 54 - SIMULATOR-ROCKPT | | | | | | |

Response:

Items b. through e. relate to the rental income derived from the use of the Amos Simulator by other AEP East generating companies (KPCo, AGR, WPCo, I&M and AEG). Monthly, those companies that have the potential to use the training facility are billed a rental fee to cover the fixed costs of the simulator equipment. Item a., represents monthly rental income for the building the simulator is located in. Note that the description on Row 49 is incorrect. It should not say "Jan-Feb". Jan and Feb were billed in the same month and description was not changed on the subsequent monthly entries.

The Amos Simulator is recorded in account 101 (Plant in Service), predominately in plant accounts 315 and 316.

Preparer of Response: Craig M. Adelman

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-31:

In reference to Attachment 1 provided in response to JI-84, please provide the detailed workpapers and calculations supporting each of OpCo amounts shown in the column AB entitled “Federal Tax Impact of Excess ADFIT Reversals,” showing the protected and unprotected amounts separately. All Excel supporting workpapers should be in native format with all formulas intact. In addition, please identify where the underlying expenses or assets the associated ADIT are recorded by FERC Account.

Response:

Please see JI 2-31 Attachment 1 for PowerPlan Provision Report 54511 detailing protected, unprotected and prior excess. The underlying expenses are 410 and 411 with the associated ADIT of 281, 282, and 283.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-32:

In reference to AEP's responses to JI 1-86, 1-94, 1-112, 1-113, 1-114, 1-170, 1-172, 1-184, 1-201, 1-218, 1-219, 1-240, 1-241, 1-252, 1-253, 1-265, and 1-266, please state how AEP is in compliance with Order No. 144 in which the Commission stated "[t]he central rationale for tax normalization is that tax normalization matches the recognition in rates of the tax effects of the costs and revenues of utilities to the recovery in rates of the associated costs and revenues themselves. In terms of expenses only, tax normalization matches tax benefits with cost responsibility." (Regulations Implementing Tax Normalization for Certain Items Reflecting Timing Differences in the Recognition of Expenses or Revenues for Ratemaking and Income Tax Purposes, FERC Stats. & Regs. ¶ 30,254 at 31,525-26 (1981) (Order No. 144)). The Commission also stated that, "[a]ll costs should be allocated among customers and over time in a manner that matches the burdens of costs with the benefits received." (Id.20 at 31,526). The Commission further stated that "[t]ax normalization...reflects as income tax deductions or additions only those expenses and revenues that are themselves reflected in the cost of service." Id. at 31,530.

These items appear to be related to balance sheet accounts which would not result in ADIT items that would be a result in the difference in book and tax and are unrelated to expenses included in the formula rate template, per the requirement of Order 144. Please provide any FERC guidance or third-party used to allocate this amount since these are all balance sheet accounts and not related to the income statement.

Response:

The inclusion of ADIT in the companies' filing is made pursuant to the formula rate as documented in the protocols and template formulas found in Attachments H-14 and H-20 in the PJM Open Access Transmission Tariff.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-33:

In reference to APCo's response to JI 1-87, APCo states that "Prepaid Pension on line 17 in Account 1650010 is the basis for the Schedule M and ADFIT indicated on APCo WS B-1 Actual Statement AF, line 9.15 - Accrued Bk Pension Expense." The Prepaid Pension amounts on Line 17 included in Account 165 are "positive" amounts and the amounts shown in APCo WS B-1 Actual Statement AF, Line 9.15 – Accrued Bk Pension Expense are also "positive" amounts. The ADIT associated with a "positive" item in Account 165 would result in a "negative" ADIT. Please provide a detailed explanation as to why these amounts are both "positive" instead of opposite signs. To the extent APCo has inadvertently identified the wrong line item associate with Line 17 – Prepaid Pension in Account 165, please identify what line in APCo WS B-1 in ADIT is associated with that prepayment.

Response:

The amounts shown in WS B-1 Actual Statement AF are positive amounts; however, they are treated as reductions to rate base. Therefore, the Prepaid Pension amount and ADIT, as well as the other Schedule Ms and ADIT amounts, are treated as opposite signs and handled properly.

Please note that the total functional average balance for account 283.1 shown on WS-B ADIT & ITC, \$20,920,912 is shown as a deduct on line 50, Col (e) of the formula.

Preparer of Response: Russell G. Doyle

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-34:

In reference to APCo's response to JI 1-90, APCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.) Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

For the purpose of preparing AEP's transmission formula rate, the Company is obligated to use the definition of unfunded reserves included in the FERC-approved template. The Commission-approved definition for the AEP East operating companies and Transcos is in footnote Y on the TCOS worksheet, which states "The cost of service will make a rate base adjustment to remove unfunded reserves associated with contingent liabilities recorded to Accounts 228.1-228.4 from rate base."

This definition precludes liability balances in any FERC account other than 228.1-228.4 from consideration as unfunded reserves. The definition further limits unfunded reserves to "contingent liabilities" within those 228.1-228.4 accounts. AEP's Contingent liabilities are defined by FERC in General Instruction 15 to the Uniform System of Accounts, which states the following:

15. *Contingent Assets and Liabilities (Major Utility).*

Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

Common accruals recorded as of any balance sheet date for items like accounts payable, salaries and wages, incentive plans, and vacation pay do not fall under this definition.

These are known liabilities as of the date of the balance sheet, and therefore are direct, non-contingent liabilities.

-

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
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Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-35:

In reference to APCo's response to JI 1-91, APCo states "both the set up and reversal of the CIAC recorded as ADIT need to be reflected in the formula rate." Please provide the following:

- a. A detailed supporting documentation as to how AEP is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how APCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

a. Both the construction costs associated with reimbursable projects and the corresponding CIACs are accumulated in Account 107 and ultimately transferred to Account 101, resulting in a net zero balance in 101. Therefore, ADIT associated with each item must be recognized for consistency. Including the ADIT associated with the project costs, while excluding the corresponding ADIT associated with the CIAC would overstate the amount of ADIT associated with the entire transaction.

b. N/A

c. FERC Audit FA17-2 evaluated Ohio Power's Company's books and records and the findings in the audit are specific to Ohio Power Company and not applicable to other operating companies. Further, the finding referenced above did not suggest that the costs associated with reimbursable projects should be excluded from rate base. Rather, the finding suggested that it was inappropriate to include the project costs in rate base without also including the corresponding CIAC. As the guidance suggests, both the project costs and offsetting CIACs are included in the Companies' rate base, thus it is appropriate that the corresponding ADITs are also included.

Ohio Power complied with the audit by providing refunds associated with certain timing differences between when certain projects were placed in service and when the CIAC was placed in service. These refunds were reflected in the 2020 PTRR filed on October 31, 2019.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-36:

In reference to JI 1-94a. – Line 2.35 ACCRUED INTEREST-SHORT-TERM – FIN 48 and JI 1-94d. – Line 2.74 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48, please provide the justification for including the ADIT associated short-term interest in its formula rate template given Commission precedent in FERC Docket No. ER82-160-000 which states “The Cooperatives state that inclusion of short-term debt in CTU’s capital structure will bias the weighted cost of capital upward, with a resulting overstatement of the return requirement, that such inclusion is contrary to Commission precedent, and that short-term debt should be summarily excluded from capitalization. We agree that summary disposition is warranted as to this issue. Our practice of excluding short-term debt from the capital structure “is based on the premise that short-term financing does not support rate base but is generally used for temporary financing of construction activities” and “has been consistently adhered to except in rare cases involving unique circumstances.” No such unique circumstances are alleged by CTU. Therefore, we shall grant the request for summary disposition and we shall require CTU to refile its cost of service and rates to exclude short-term debt costs from the stated capital structure.”

Response:

The two items requested are not short-term debt. ACCRUED INTEREST-SHORT-Term - FIN 48 is related to the book vs tax timing difference around the accrual of interest expense associated with uncertain tax positions. It represents the estimate of interest expense that would be owed to a taxing authority if an uncertain tax position is not maintained as filed. ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48 is related to the book vs tax timing difference around the accrual of state tax expense for uncertain tax positions. It represents the amount of state income taxes that would be owed to a taxing authority if an uncertain tax position is not maintained as filed. Both of these items impact the total company, thus an allocation to Transmission is warranted.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-38:

In reference to I&M's response to JI 1-100, please provide (i) a detailed explanation of the cancelled work orders, (ii) the drivers behind why each was cancelled and (iii) their associated amounts.

Response:

Please see JI 2-38 Attachment 1 for the requested information.

Preparer of Response: Brian W. Elswick

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-39:

In reference to I&M's response to JI Set 1-105 which refers to JI_Set_1-80_Attachment 1, "IM" Tab, Row 11 – MACSS Misc Service Revenues in the amount of \$(4,134,842.37), please provide a detailed explanation of what this line item represents and provide a detailed tabulation of the revenues included in this line item.

Response:

Miscellaneous Service Charges as defined in the Tariff book, billed to customer electric accounts through the company's customer information system MACSS. These are distribution retail charges and are not allocated as a revenue credit in the transmission formula rate. See JI Set 2-39 Attachment 1 for the detail of the charges.

| Sum of Dollar Amt | Revn Sorc | Revn Sorc Desc | Total |
|----------------------|-----------|--------------------------|-----------------|
| CKCHG | | RETURNED CHECK CHARGE | \$ 217,642.50 |
| ENDIV | | ENERGY DIVERSION | \$ 116,647.37 |
| RCNNR | | RECON-NONCREDIT RLTD | \$ 930.50 |
| RECON | | RECONNECT CHARGE | \$ 2,192,277.50 |
| TEMP | | TEMPORARY SERVICE | \$ 278,065.00 |
| TRIP | | DISCONNECT TRIP CHG | \$ 1,329,279.50 |
| Grand Total | | | \$ 4,134,842.37 |

Preparer of Response: Adam C. Poland

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-40:

In reference to I&M's response to JI Set 1-105 which refers to JI_Set_1-80_Attachment 1, "IM" Tab, please identify (i) the FERC Account(s) the assets related to each property is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc.

- a. Row 15 - AVILLA SERVICE CENTER
- b. Row 16 - BAER FIELD GENERAL SERVICE CEN
- c. Row 17 - BENTON HARBOR SERVICE CENTER
- d. Row 19 - ELKHART SERVICE CENTER
- e. Row 20 - FT. WAYNE NORTHEAST SERVICE CE
- f. Row 21 - FT. WAYNE SPY RUN SERVICE CENT
- g. Row 22- INDIANA MICHIGAN POWER CENTER
- h. Row 34 - MARION SERVICE CENTER
- i. Row 35 - MUNCIE SERVICE CENTER
- j. Row 36 - SOUTH BEND SERVICE CENTER

Response:

For items a. through j., the assets are recorded in FERC accounts 38900 – Land, 38910 - Land and Rights, 39000 – Structures & Improvements, and 39700 – Communication Equipment. The rental payment is associated with one business unit owning a facility and another business unit utilizing space in that facility and is considered revenue received from an affiliate.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-41:

Provide all available information supporting the determination of I&M Power's Transmission, Common, General and Intangible Plant depreciation expenses including information showing the application of the depreciation rates to monthly depreciable plant balances for 2018.

Response:

Please see JI 2-41 Attachment 1.xlsx.

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-42:

In reference to I&M's "WS A - RB Support" tab, Column (b) OATT Ancillary Service (GSU) Plant in Service, please provide (i) a detailed tabulation of the assets included in the beginning balance of \$58,644,212 shown on Line 29, (ii) the additions and retirements during the year by asset, and (iii) a detailed tabulation of the assets included in the ending balance of \$58,640,701 shown on Line 41.

Response:

Please see JI 2-42 Attachment 1.xls.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-44:

In reference to I&M's response to JI 1-111, I&M did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-45:

Refer to I&M WS B-2 Actual Statement AG, please provide a detailed explanation for I&M's basis to include Line 2.06 CIAC – BOOK RECEIPTS for Columns N and S in the amounts of \$1,136,506 and \$641,914 for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

The amounts recorded for ADIT Line 2.06 CIAC – BOOK RECEIPTS is identified by the tax department based on analyzes of changes in balance sheet. See the Company's response to JI 2-32 for the rationale for inclusion of this ADIT item in the formula rate base.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-46:

In reference to I&M's response to JI 1-112, please provide the following:

- a. A detailed supporting documentation as to how I&M is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements. Please provide a detailed explanation and supporting documentation as to how APCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-47:

Reference to I&M's response to JI 1-114, given that uncollectible accounts are recorded in FERC 144 and 904 therefore directly related to distribution, please provide the basis to include a 100% retail related ADIT in transmission rates.

Response:

The uncollectible amount recorded in 144 and 904 related to the Distribution portion of I&M, and the associated ADIT, are not included in the formula.

Preparer of Response: Diane M. Keegan

Preparer of Response: Craig M. Adelman

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-48:

Refer to I&M WS B-2 Actual Statement AG, please provide (i) a detailed description of what each item represents, (ii) an explanation for I&M's basis to include line each ADIT item, (iii) what FERC Account(s) and their associated amounts the underlying expenses were recorded, and (iv) where the item to which the ADIT is related has been reflected in the transmission formula rate for the following:

- a. Line 2.48 ACCRUED INTEREST-SHORT-TERM – FIN 48; and
- b. Line 2.56 DEFD BK CONTRACT REVENUE.

Response:

a. Line 2.48 represents state FIN48 short term interest expense. The underlying FERC expense account is 431- Other Interest Expense. Other interest expense is not included as an expense in the transmission formula but includes interest on customer deposits, interest on notes payable providing working capital associated with doing utility business, including the transmission business.

b. Line 2.56 represents miscellaneous deferred revenue items. The majority of which are the gains on Fiber optic leases. The underlying/offsetting FERC account is 451 - Miscellaneous Service Revenue.

Transmission revenues associated with fiber optic leases serve as reductions to transmission revenue requirement and are shown on Worksheet E.

Preparer of Response: Diane M. Keegan

Preparer of Response: Craig M. Adelman

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-49:

In reference to I&M's response to JI 1-115a. and b., please provide where the associated underlying expenses were recorded for each item.

Response:

Refer to JI2-48

Preparer of Response: Craig M. Adelman

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-50:

In reference to JI 1-115a. – Line 2.48 ACCRUED INTEREST-SHORT-TERM – FIN 48, please provide the justification for including the ADIT associated short-term interest in its formula rate template given Commission precedent in FERC Docket No. ER82-160-000 which states “The Cooperatives state that inclusion of short-term debt in CTU’s capital structure will bias the weighted cost of capital upward, with a resulting overstatement of the return requirement, that such inclusion is contrary to Commission precedent, and that short-term debt should be summarily excluded from capitalization. We agree that summary disposition is warranted as to this issue. Our practice of excluding short-term debt from the capital structure “is based on the premise that short-term financing does not support rate base but is generally used for temporary financing of construction activities” and “has been consistently adhered to except in rare cases involving unique circumstances.” No such unique circumstances are alleged by CTU. Therefore, we shall grant the request for summary disposition and we shall require CTU to refile its cost of service and rates to exclude short-term debt costs from the stated capital structure.”

Response:

Please refer to the Company's response to JI 2-36.

Preparer of Response: Diane M. Keegan

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-51:

In reference to AEP's response to JI 1-118, please provide the detailed journal entries for the transactions described of every subsidiary's books involved.

Response:

Please see JI 2-51 Attachment 1 for the journal entries submitted with Docket No. EC17-69-000.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: David B. Weiss

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-52:

In reference to AEP's response to JI 1-118, please state whether AEP received FERC approval to transfer these assets at a nominal cost versus a net book value. If yes, please provide the associated FERC Docket Nos. where AEP received approval.

Response:

Please see JI 2-52 Attachment 1 for the requested order issued in Docket No. EC17-69-000.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: David B. Weiss

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-53:

In reference to KPCo's response to JI Set 1-124 which refers to JI_Set_1-80_Attachment 1, "KPCo" Tab, Row 11 – MACSS Misc Service Revenues in the amount of \$(743,135.88.), please provide a detailed explanation of what this line item represents and provide a detailed tabulation of the revenues included in this line item.

Response:

Miscellaneous Service Charges as defined in the Tariff book, billed to customer electric accounts through the company's customer information system MACSS. These are distribution retail charges and are not allocated as a revenue credit in the transmission formula rate. See JI Set 2-53 Attachment 1 for the detail of the charges.

| Sum of Dollar Amt | | |
|-------------------|-----------------------|---------------|
| Revn Sorc Cd | Revn Sorc Desc | Total |
| CKCHG | RETURNED CHECK CHARGE | \$ 53,605.72 |
| ENDIV | ENERGY DIVERSION | \$ 74,086.16 |
| MRCHK | METER READING CHECK | \$ 21.00 |
| MTEST | METER TEST CHARGE | \$ 1,538.00 |
| ONPRM | ON PREMISE COLL CHG | \$ 445,328.00 |
| RECON | RECONNECT CHARGE | \$ 162,259.00 |
| TEMP | TEMPORARY SERVICE | \$ 6,298.00 |
| Grand Total | | \$ 743,135.88 |

Preparer of Response: Adam C. Poland

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-54:

In reference to KPCo's response to JI Set 1-124 which refers to JI_Set_1-80_Attachment 1, "KPCo" Tab, please provide (i) a detailed description of the plant each joint agreement is associated with, (ii) the parties associated with each agreement and (iii) identify what FERC accounts the assets and expenses with each plant is recorded.

- a. Row 16 - JOINT LICENSE - Apr 18
- b. Row 17- JOINT LICENSE - August 18
- c. Row 18- JOINT LICENSE - December 18
- d. Row 19 - JOINT LICENSE - Feb 18
- e. Row 20 - JOINT LICENSE - Jan 18
- f. Row 21 - JOINT LICENSE - July 18
- g. Row 22 - JOINT LICENSE - June 18
- h. Row 23 - JOINT LICENSE - Mar 18
- i. Row 24 - JOINT LICENSE - May 18
- j. Row 25 - JOINT LICENSE - November 18
- k. Row 26 - JOINT LICENSE - September18

Response:

In accordance with the "Joint License Agreement" dated Feb 27, 2015, the affiliates granted a license to the other party to attach to or occupy the granting party's facilities, equipment and real property both above ground and below ground for the purpose of constructing, operating, maintaining and removing the occupying party's facilities and equipment. The actual percentage of each asset shared between the granting and occupying companies may not be readily determinable, so a sharing ratio is calculated to provide a reasonable allocation methodology.

The facilities and real property are licensed on an "at-cost" basis without mark-up. These costs include the applicable share of depreciation, property taxes, interest expense and return on equity.

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Jennifer C. Mohler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-55:

In reference to KPCo's response to JI Set 1-124 which refers to JI_Set_1-80_Attachment 1, "KPCo" Tab, please identify (i) the FERC Account(s) the assets related to each property is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc.

- a. Row 15 - HAZARD SERVICE CENTER
- b. Row 27 - PAINTSVILLE SERVICE CENTER
- c. Row 28 - PIKEVILLE SERVICE CENTER
- d. Row 29 - ROBERT E. MATTHEWS SERVICE CEN
- e. Row 31- WHITESBURG SERVICE CENTER

Response:

For items a. through e., the assets are recorded in FERC accounts 38900 – Land, 38910 - Land and Rights, 39000 – Structures & Improvements, and 39700 – Communication Equipment. The rental payment is associated with one business unit owning a facility and another business unit utilizing space in that facility and is considered revenue received from an affiliate.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-56:

Provide all available information supporting the determination of KPCo's Transmission, Common, General and Intangible Plant depreciation expenses including information showing the application of the depreciation rates to monthly depreciable plant balances for 2018.

Response:

Please see JI 2-56 Attachment 1.xlsx.

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-57:

In reference to KPCo's "WS A - RB Support" tab, Column (b) OATT Ancillary Service (GSU) Plant in Service, please provide (i) a detailed tabulation of the assets included in the beginning balance of \$10,198,257 shown on Line 29, (ii) the additions and retirements during the year by asset, and (iii) a detailed tabulation of the assets included in the ending balance of \$10,198,257 shown on Line 41.

Response:

Please see JI 2-57 Attachment 1.xls.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-58:

In reference to KPCo's response to JI 1-130, KPCo WS C – Working Capital, Line 15 – Prepaid Pension Benefits, please (i) identify where on KPCo WS B-1 Actual Statement AF the associated ADIT is recorded and (ii) to the extent the ADIT amount is “positive,” please provide a detailed explanation as to why these amounts are both “positive” instead of opposite signs.

Response:

The ADIT for Prepaid Pension Benefits is on WS B-2 line 2.14, which is the detail of account 190. The amount for this ADIT item is shown as a deduct to the total balance of account 190.1. Therefore, the ADIT amount is being properly reported as a reduction in rate base in the formula.

Preparer of Response: Russell G. Doyle

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-59:

In reference to KPCo's response to JI 1-131, KPCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-60:

In reference to KPCo's response to JI 1-133, please provide the following:

- a. A detailed supporting documentation as to how KPCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how KPCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-61:

In reference to JI 1-135a. – Line 2.33 ACCRUED INTEREST-SHORT-TERM – FIN 48 and JI 1-135d. – Line 2.60 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48, please provide the justification for including the ADIT associated short-term interest in its formula rate template given Commission precedent in FERC Docket No. ER82-160-000 which states “The Cooperatives state that inclusion of short-term debt in CTU’s capital structure will bias the weighted cost of capital upward, with a resulting overstatement of the return requirement, that such inclusion is contrary to Commission precedent, and that short-term debt should be summarily excluded from capitalization. We agree that summary disposition is warranted as to this issue. Our practice of excluding short-term debt from the capital structure “is based on the premise that short-term financing does not support rate base but is generally used for temporary financing of construction activities” and “has been consistently adhered to except in rare cases involving unique circumstances.” No such unique circumstances are alleged by CTU. Therefore, we shall grant the request for summary disposition and we shall require CTU to refile its cost of service and rates to exclude short-term debt costs from the stated capital structure.”

Response:

Please refer to the Company's response to JI 2-36.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-63:

In reference to KgPCo's response to JI 1-130, KgPCo WS C – Working Capital, Line 18 – Prepaid Pension Benefits, please (i) identify where on KgPCo WS B-1 Actual Statement AF the associated ADIT is recorded and (ii) to the extent the ADIT amount is “positive,” please provide a detailed explanation as to why these amounts are both “positive” instead of opposite signs.

Response:

The ADIT for Prepaid Pension Benefits is on WS B-2 line 2.07. The amount for this ADIT item is shown as a deduct to the total balance of account 190.1. Therefore, the ADIT amount is being properly reported as a reduction in rate base in the formula.

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-64:

In reference to KPgCo's response to JI Set 1-138 which refers to JI_Set_1-80_Attachment 1, "KPgCo" Tab, Row 9 – MACSS Misc Service Revenues in the amount of \$(65,817.95), please provide a detailed explanation of what this line item represents and provide a detailed tabulation of the revenues included in this line item.

Response:

Miscellaneous Service Charges as defined in the Tariff book, billed to customer electric accounts through the company's customer information system MACSS. These are distribution retail charges and are not allocated as a revenue credit in the transmission formula rate. See JI Set 2-64 Attachment 1 for the detail of the charges.

| Sum of Dollar Amt | Revn Sorc | Revn Sorc Desc | Total |
|----------------------|-------------|--------------------------|--------------|
| | CKCHG | RETURNED CHECK CHARGE | \$ 7,492.50 |
| | ENDIV | ENERGY DIVERSION | \$ 361.45 |
| | RECON | RECONNECT CHARGE | \$ 43,557.00 |
| | TEMP | TEMPORARY SERVICE | \$ 14,407.00 |
| | Grand Total | | \$ 65,817.95 |

Preparer of Response: Adam C. Poland

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-65:

In reference to KPgCo's response to JI Set 1-138 which refers to JI_Set_1-80_Attachment 1, "KPgCo" Tab, please identify (i) the FERC Account(s) the assets related to each property is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc. for Row 13 - KINGSPORT SERVICE CENTER.

Response:

For item 13, the assets are recorded in FERC accounts 38900 – Land, 38910 - Land and Rights, 39000 – Structures & Improvements, and 39700 – Communication Equipment. The rental payment is associated with one business unit owning a facility and another business unit utilizing space in that facility and is considered revenue received from an affiliate.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-66:

In reference to KgPCo's response to JI 1-142, KgPCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-67:

In reference to KgPCo's response to JI 1-143, please provide the following:

- a. A detailed supporting documentation as to how KgPCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how KgPCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-68:

In reference to JI 1-146a. – Line 2.14 ACCRUED INTEREST-SHORT-TERM – FIN 48, please provide the justification for including the ADIT associated short-term interest in its formula rate template given Commission precedent in FERC Docket No. ER82-160-000 which states “The Cooperatives state that inclusion of short-term debt in CTU’s capital structure will bias the weighted cost of capital upward, with a resulting overstatement of the return requirement, that such inclusion is contrary to Commission precedent, and that short-term debt should be summarily excluded from capitalization. We agree that summary disposition is warranted as to this issue. Our practice of excluding short-term debt from the capital structure “is based on the premise that short-term financing does not support rate base but is generally used for temporary financing of construction activities” and “has been consistently adhered to except in rare cases involving unique circumstances.” No such unique circumstances are alleged by CTU. Therefore, we shall grant the request for summary disposition and we shall require CTU to refile its cost of service and rates to exclude short-term debt costs from the stated capital structure.”

Response:

Please see the Company's response to JI 2-36.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-69:

In reference to JI-148_Attachment_1.xlsx, please identify where the revenues on this attachment to each tab within JI_Set_1-80_Attachment 1.xlsx

Response:

Please refer to JI-2-69 Attachment 1 for the cross-reference from JI-148 Attachment 1 data to JI-1-80 Attachment 1 data.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-70:

Refer to AEP's response JI 1-153 Attachment 1, tab Query, and each Excel row with an activity name of either "Construct Distribution Station Facilities" or "Construct Distribution Line Facilities" with a total activity cost of \$248,772.91. Please explain the nature of these line items and verify whether they are related to the distribution or transmission function.

Response:

The selected line are related to the transmission function and are a reclassification of deferred amounts from another transmission work order. The original charges had incorrect activity codes of "Construct Distribution Station Facilities" and "Construct Distribution Line Facilities". The selected lines have a transmission work order that is specific to account 5660000 - Misc Transmission Expenses and benefits all Ohio transmission companies.

Preparer of Response: Matthew K. Murray

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-71:

Refer to AEP's response to JI 1-153 Attachment 1, tab Query, and each line item with account Line Description of "GeenHat Deafult Contingency." Please explain the nature of each line item and verify whether each line is related to the distribution, transmission or generation function.

Response:

On June 21, 2018, PJM declared a PJM member and Financial Transmission Rights (FTR) market participant, GreenHat Energy, LLC, in payment default for non-payment of its PJM invoice issued on June 2, 2018. GreenHat held FTR positions out to May 2021. Since PJM does not absorb the default, PJM members must pick up the losses. Greenhat had large FTR positions (with low credit requirements) and when transmission upgrades disrupted their congestion models, they were forced to default and left the remaining PJM members to cover those large losses. The selected journal lines relate to the establishment of a reserve for socialization of FTR losses as a result of the Greenhat bankruptcy. The reserve is reversed out on a monthly basis and replaced with actuals.

Preparer of Response: Matthew K. Murray

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-72:

Refer to AEP's response to JI 1-153 Attachment 1, tab Query, Excel row 4235 with the account Long Description of "YTD Reclass of Green Hat Default Fees. For the transmission owners, the fee should be recorded in 5660000" with an activity cost of \$105,894.11. Please explain the nature of this line item and explain why the fee should be recorded in account 566 and not another account e.g. an accounted related to the distribution or generation function.

Response:

On June 21, 2018, PJM declared a PJM member and Financial Transmission Rights (FTR) market participant, GreenHat Energy, LLC, in payment default for non-payment of its PJM invoice issued on June 2, 2018. GreenHat held FTR positions out to May 2021. Since PJM does not absorb the default, PJM members must pick up the losses. Greenhat had large FTR positions (with low credit requirements) and when transmission upgrades disrupted their congestion models, they were forced to default and left the remaining PJM members to cover those large losses. The selected journal line represents actual charges from PJM as it relates to the Greenhat bankruptcy and FTR's.

These costs were allocated to O&M expense because they were incurred as a cost of doing business relative to AEP's membership in PJM. The AEP East Operating Companies record these expense in a subaccount to 561.4 because of their designation as load serving entities in PJM. The AEP East Transmission Companies, and Ohio Power Company, recorded these expense as a miscellaneous cost in account 566 because they are not load serving entities.

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Matthew K. Murray

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-73:

Refer to AEP's response to JI 1-153 Attachment 1, tab Query, and each line item with either an account Line Description of "RECORD ESTIMATED PJM REVENUE" or "RECORD ACTUAL PJM REVENUE". Please explain the nature of each line item and verify whether each line is related to the distribution, transmission or generation function.

Response:

Please note that AEP uses an estimate cycle to record the current month PJM activity during our closing process since the actual PJM data is not available until midway through the subsequent month. Estimate entries are reversed and actual entries are recorded when the PJM data is available.

The entry on row 4235 recorded in September 2018 for \$105,894 was the entry to record the charge from PJM for the Green Hat default impact for Ohio Power Co (OPCo) as a transmission owner (TO) to Account 566. The default charge was initially recorded in August and Account 561 was used, in September the initial August charge of \$41,484 was reclassified to Account 566 in September along with the September PJM charge of \$64,410.

The entry on row 4589 recorded the estimated Green Hat charge for October from PJM for OPCo as a TO, this amount was reversed on row 4969. The actual October charge was recorded as reported on row 4968.

The entry on row 4970 recorded the estimated Green Hat charge for November from PJM for OPCo as a TO, this amount was reversed on row 5402. The actual November charge was recorded as reported on row 5400.

The entry on row 5401 recorded the estimated Green Hat charge for December from PJM for OPCo as a TO. This amount was reversed in January 2019 when the actual December charge was recorded.

Preparer of Response: Matthew K. Murray

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-74:

In reference to OPCo’s response to JI Set 1-156 which refers to JI_Set_1-80_Attachment 1, “OPCo” Tab, Row 13 – MACSS Misc Service Revenues in the amount of \$(8,829,684.75), please provide a detailed explanation of what this line item represents and provide a detailed tabulation of the revenues included in this line item.

Response:

Miscellaneous Service Charges as defined in the Tariff book, billed to customer electric accounts through the company's customer information system MACSS. These are distribution retail charges and are not allocated as a revenue credit in the transmission formula rate. See JI Set 2-74 Attachment 1 for the detail of the charges.

| Sum of Dollar Amt | | | |
|-------------------|------|------------------------------------|------------------------|
| Revn Cd | Sorc | Revn Sorc Desc | Total |
| | | CKCHG RETURNED CHECK CHARGE | \$ 228,537.00 |
| | | CPLMR CK PH LINE/MANUAL RD | \$ 2,425.46 |
| | | DLAMP TEMPORARY SL DISCONNECT CHRG | \$ 6,118.30 |
| | | ENDIV ENERGY DIVERSION | \$ 118,058.24 |
| | | MMTRD MANUAL MTR READING | \$ 129.00 |
| | | OPOUT AMS OPTOUT CHARGE | \$ 48,000.00 |
| | | RCNLR RECON-INST LOCK RING | \$ 153.00 |
| | | RCNMN RECON AT MTR-NORMAL | \$ 87,079.00 |
| | | RCNMO RECON AT MTR-OFFSHFT | \$ 31,066.00 |
| | | RCNMS RECON AT MTR-SUNDAY | \$ 3,995.00 |
| | | RCNNR RECON-NONCREDIT RLTD | \$ 27,899.00 |
| | | RCNPN RECON AT POLE-NORMAL | \$ 2,002.00 |
| | | RCNPO RECON AT POLE-OFFSFT | \$ 1,344.00 |
| | | RECON RECONNECT CHARGE | \$ 6,216,607.60 |
| | | SVCHG SERVICE CHARGE | \$ 331.70 |
| | | TEMP TEMPORARY SERVICE | \$ 595,890.45 |
| | | TRIP DISCONNECT TRIP CHG | \$ 1,460,049.00 |
| | | Grand Total | \$ 8,829,684.75 |

Preparer of Response: Adam C. Poland

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-75:

In reference to OPCo's response to JI Set 1-156 which refers to JI_Set_1-80_Attachment 1 "OPCo" Tab, please identify (i) the FERC Account(s) the assets related to each property is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc.

- a. Row 16 - APR 2018 DATA CENTER REVENUE
- b. Row 17 - ATHENS OFFICE & SERVICE CENTER
- c. Row 18 - AUG 2018 DATA CENTER REVENUE
- d. Row 19 - BELMONT SERVICE CENTER
- e. Row 20 - BUCYRUS SERVICE CENTER
- f. Row 22 - CANTON GENERAL OFFICE
- g. Row 23- CANTON GENERAL SERVICE CENTER
- h. Row 24 - CANTON RECORDS CENTER
- i. Row 25- CANTON SOUTH SERVICE CENTER
- j. Row 26 - CENTRAL OPERATIONS CENTER
- k. Row 27 - CHILLICOTHE SERVICE CENTER
- l. Row 30 - COLUMBUS LINE SCHOOL
- m. Row 31 - COSHOCTON SERVICE CENTER
- n. Row 33 - DEC 2018 DATA CENTER REVENUE
- o. Row 35 - FEB 2018 DATA CENTER REVENUE
- p. Row 38 - GAHANNA 700
- q. Row 39 - GAHANNA 850
- r. Row 41 - IRONTON PLEASANT STREET STATIO
- s. Row 42 - JAN 2018 DATA CENTER REVENUE
- t. Row 56 - JULY 2018 DATA CENTER REVENUE
- u. Row 58 - JUNE 2018 DATA CENTER REVENUE
- v. Row 59 - KENTON SERVICE CENTER
- w. Row 60 - LANCASTER SERVICE CENTER
- x. Row 61 - LIMA SERVICE CENTER
- y. Row 62 - MAR 2018 DATA CENTER REVENUE
- z. Row 63 - MARIETTA SERVICE CENTER-GOODRI
- aa. Row 64 - MAY 2018 DATA CENTER REVENUE
- bb. Row 65 - MCCONNELSVILLE OFFICE
- cc. Row 66 - MCCONNELSVILLE SERVICE CENTER
- dd. Row 67 - MINERVA COL. REGION CENTRAL ST
- ee. Row 70 - MOUND ST. STATION AND STORES
- ff. Row 71 - NEWARK OFFICE & SERVICE CENTER
- gg. Row 72 - NOV 2018 DATA CENTER REVENUE

hh. Row 73 - OCT 2018 DATA CENTER REVENUE
ii. Row 74 - PORTSMOUTH SERVICE CENTER
jj. Row 76 - SEPT 2018 DATA CENTER REVENUE
kk. Row 77 - SOUTH POINT SERVICE CENTER
ll. Row 78 - SOUTHEAST SERVICE
mm. Row 79 - STEUBENVILLE SERVICE CENTER
nn. Row 80 - TELECOMMUNICATIONS
oo. Row 81 - TIFFIN SERVICE CENTER
pp. Row 85 - VAN WERT SERVICE CENTER
qq. Row 86 - WOOSTER SERVICE CENTER
rr. Row 87 - ZANESVILLE SERVICE CENTER

Response:

For items b., d. through m., p. through r., v. through x., z., bb. through ff., ii., and kk. through rr., the assets are recorded in FERC accounts 38900 – Land, 38910 - Land and Rights, 39000 – Structures & Improvements, and 39700 – Communication Equipment. The rental payment is associated with one business unit owning a facility and another business unit utilizing space in that facility and is considered revenue received from an affiliate.

For item a., c., n., o., s., t., u., y., aa., gg., hh., and jj., the assets are recorded in FERC accounts 38900 – Land, 38910 – Land and Rights, 39000 – Structures & Improvements, 39100 – Office Furniture, Equipment, and 39700 – Communication Equipment. The rental payment represents the lease (to AEPSC) of the New Albany Data Center building and related expenses and is considered revenue received from an affiliate.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-76:

Provide all available information supporting the determination of OPCo's Transmission, Common, General and Intangible Plant depreciation expenses including information showing the application of the depreciation rates to monthly depreciable plant balances for 2018.

Response:

Please see JI 2-76 Attachment 1.xlsx.

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-77:

In reference to OPCo's response to JI 1-165, OPCo WS C – Working Capital, Line 16 – Prepaid Pension Benefits, please (i) identify where on OPCo WS B-1 Actual Statement AF the associated ADIT is recorded and (ii) to the extent the ADIT amount is “positive,” please provide a detailed explanation as to why these amounts are both “positive” instead of opposite signs.

Response:

(i) The ADIT for Prepaid Pension Benefits is on WS B-1 line 9.19. (ii) Please note that the total functional average balance for account 283.1 shown on WS-B ADIT & ITC, \$40,386,634 is shown as a deduct on line 50, Col (e) of the formula.

Preparer of Response: Russell G. Doyle

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-79:

In reference to OPCo's response to JI 1-167, OPCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-80:

In reference to OPCo's response to JI 1-169, please provide the following:

- a. A detailed supporting documentation as to how OPCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide a detailed explanation as to how OPCo is in compliance given its recent audit under to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

- c. Provide a detailed description, identify amounts that will be removed from the template to comply with this audit and any changes in the formula rate template to remove plant, ADIT, expenses etc. associated with CIAC.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-81:

Reference to OPCo's response to JI 1-171, given that uncollectible accounts are recorded in FERC 144 and 904 therefore directly related to distribution, please provide the basis to include a 100% retail related ADIT in transmission rates.

Response:

The uncollectible amount recorded in 144 and 904 related to the Distribution portion of OPCo, and the associated ADIT, is not included in the formula.

Preparer of Response: Diane M. Keegan

Preparer of Response: Craig M. Adelman

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-82:

In reference to JI 1-172a. – Line 2.47 ACCRUED INTEREST-SHORT-TERM – FIN 48 and JI 1-172e. – Line 2.74 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48, please provide the justification for including the ADIT associated short-term interest in its formula rate template given Commission precedent in FERC Docket No. ER82-160-000 which states “The Cooperatives state that inclusion of short-term debt in CTU’s capital structure will bias the weighted cost of capital upward, with a resulting overstatement of the return requirement, that such inclusion is contrary to Commission precedent, and that short-term debt should be summarily excluded from capitalization. We agree that summary disposition is warranted as to this issue. Our practice of excluding short-term debt from the capital structure “is based on the premise that short-term financing does not support rate base but is generally used for temporary financing of construction activities” and “has been consistently adhered to except in rare cases involving unique circumstances.” No such unique circumstances are alleged by CTU. Therefore, we shall grant the request for summary disposition and we shall require CTU to refile its cost of service and rates to exclude short-term debt costs from the stated capital structure.”

Response:

See the Company's response to JI 2-36.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-83:

In reference to WPCo's response to JI Set 1-176 which refers to JI_Set_1-80_Attachment 1, "WPCo" tab, Row 9 – MACSS Misc Service Revenues in the amount of \$(38,773.21), please provide a detailed explanation of what this line item represents and provide a detailed tabulation of the revenues included in this line item.

Response:

Miscellaneous Service Charges as defined in the Tariff book, billed to customer electric accounts through the company's customer information system MACSS. These are distribution retail charges and are not allocated as a revenue credit in the transmission formula rate. See JI Set 2-83 Attachment 1 for the detail of the charges.

| Sum of Dollar Amt | Revn Sorc | Revn Sorc Desc | Total |
|----------------------|-----------|--------------------------|--------------|
| CKCHG | | RETURNED CHECK CHARGE | \$ 1,717.89 |
| ENDIV | | ENERGY DIVERSION | \$ 297.88 |
| RECON | | RECONNECT CHARGE | \$ 31,262.50 |
| SVCHG | | SERVICE CHARGE | \$ 84.94 |
| TEMP | | TEMPORARY SERVICE | \$ 5,410.00 |
| Grand Total | | | \$ 38,773.21 |

Preparer of Response: Adam C. Poland

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-84:

In reference to WPCo's response to JI Set 1-176 which refers to JI_Set_1-80_Attachment 1, "WPCo" tab, Row 14 – Annual Rental Payment in the amount of \$(280,992.03), please provide a detailed description of the what this line item represents. To the extent that these rental payments are associated with multiple locations, please provide a detailed description and associated amount with each that totals this amount.

Response:

Please refer to the response to JI 2-28.

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Jennifer C. Mohler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-85:

In reference to WPCo's response to JI Set 1-176 which refers to JI_Set_1-80_Attachment 1, "WPCo" tab, please identify (i) the FERC Account(s) the assets related to each property is recorded, (ii) provide a description of what these rents represent and (iii) state whether they are associated with revenues received from other subsidiaries, third-party rental revenue etc.

a. Row 18 - WHEELING SERVICE CENTER

Response:

For item a., the assets are recorded in FERC accounts 38900 – Land, 38910 - Land and Rights, 39000 – Structures & Improvements, and 39700 – Communication Equipment. The rental payment is associated with one business unit owning a facility and another business unit utilizing space in that facility and is considered revenue received from an affiliate.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-86:

Provide all available information supporting the determination of WPCo's Transmission, Common, General and Intangible Plant depreciation expenses including information showing the application of the depreciation rates to monthly depreciable plant balances for 2018.

Response:

Please see JI 2-86 Attachment 1.xlsx.

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-87:

In reference to WPCo's "WS A - RB Support" tab, Column (b) OATT Ancillary Service (GSU) Plant in Service, please provide (i) a detailed tabulation of the assets included in the beginning balance of \$9,585,100 shown on Line 29, (ii) the additions and retirements during the year by asset, and (iii) a detailed tabulation of the assets included in the ending balance of \$ 9,585,100 shown on Line 41.

Response:

Please see JI 2-87 Attachment 1.xls.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-88:

In reference to WPCo's response to JI 1-180, WPCo WS C – Working Capital, Line 14 – Prepaid Pension Benefits, please (i) identify where on WPCo WS B-1 Actual Statement AF the associated ADIT is recorded and (ii) to the extent the ADIT amount is “positive,” please provide a detailed explanation as to why these amounts are both “positive” instead of opposite signs.

Response:

(i) The ADIT for Prepaid Pension Benefits is on WS B-1 line 9.01. (ii) See response for JI 2-33.

Preparer of Response: Russell G. Doyle

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-89:

In reference to WPCo's response to JI 1-181, WPCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-90:

In reference to WPCo's response to JI 1-183, please provide the following:

- a. A detailed supporting documentation as to how WPCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how WPCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-91:

In reference to JI 1-185a. – Line 2.19 ACCRUED INTEREST-SHORT-TERM – FIN 48 and JI 1-185c. – Line 2.39 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48, please provide the justification for including the ADIT associated short-term interest in its formula rate template given Commission precedent in FERC Docket No. ER82-160-000 which states “The Cooperatives state that inclusion of short-term debt in CTU’s capital structure will bias the weighted cost of capital upward, with a resulting overstatement of the return requirement, that such inclusion is contrary to Commission precedent, and that short-term debt should be summarily excluded from capitalization. We agree that summary disposition is warranted as to this issue. Our practice of excluding short-term debt from the capital structure “is based on the premise that short-term financing does not support rate base but is generally used for temporary financing of construction activities” and “has been consistently adhered to except in rare cases involving unique circumstances.” No such unique circumstances are alleged by CTU. Therefore, we shall grant the request for summary disposition and we shall require CTU to refile its cost of service and rates to exclude short-term debt costs from the stated capital structure.”

Response:

Please see the Company's response to JI 2-36.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-93:

In reference to IM TransCo's response to JI 1-199, IM TransCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-94:

Refer to I&M Transco's Formula Rate, tab TCOS, Line No. 26, column (5). Please provide a detailed explanation of how the Formula Rate will flow through the accumulated depreciation in respect of the Excluded Plant (see WS A – Rate Base Support, Line No. 42, column (e)) to Line No. 26, column (5) in the TCOS tab in next year's Annual Update.

Response:

I&M Transco is in the process of reconciling certain assets in connection with the simultaneous investments in PJM and MISO. Appropriate action will be taken when that process is resolved.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-95:

In reference to IM TransCo's response to JI 1-200, please provide the following:

- a. A detailed supporting documentation as to how IM TransCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how IM TransCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-96:

In reference to OH TransCo's response to JI 1-215, please provide the following:

- a. A detailed supporting documentation as to how OH TransCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how OH TransCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-97:

In reference to OH TransCo's response to JI 1-217, OH TransCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
Set AMP Set 2 of Data Requests

Data Request JI Set 2-98:

In reference to WV TransCo's response to JI 1-237, please provide the following:

- a. A detailed supporting documentation as to how WV TransCo is not adversely affecting the transmission customers by including this associated ADIT.
- b. Provide any FERC guidance used to include ADIT associated with CIAC in the formula rate template.
- c. In reference to FERC Audit FA17-2 of Ohio Power issued on September 6, 2019 which states on page 18:

Audit staff has concerns about whether it is appropriate to include in rate base amounts for which a third party has contractually committed to reimburse Ohio Power, i.e., to include such amounts in rate base, accumulate depreciation related to such amounts, and recover the depreciation expense when those costs are ultimately reimbursed fully by a third party. Cost-of-service ratemaking allows companies to recover investment in utility property. However, reimbursements from a third party are outside of Ohio Power's own investment, and Ohio Power must refund any overrecovered amounts associated with those reimbursements.

Please provide a detailed explanation and supporting documentation as to how WV TransCo is in compliance with this audit given that if the assets are to be excluded from rate base the associated ADIT should be excluded as well.

Response:

Please see the response to JI 2-35.

Preparer of Response: Diane M. Keegan

Preparer of Response: Christopher K. Duffy

Preparer of Response: Joshua P. Baluch

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-99:

In reference to WV TransCo's response to JI 1-239, WV TransCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-100:

In reference to KY TransCo's response to JI 1-251, KY TransCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/15/2019

**PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406**

**Responses to AMP
Set AMP Set 2 of Data Requests**

Data Request JI Set 2-22:

In reference to ApCo's response to JI 1-72, please confirm that the following GSUs as shown on the JI-1-72 Attachment, column "journal_description" were removed on WS – A in the formula rate template.

- a. MT CI REPLACE GSU TRANSFORMER PHASE 3 CID 0169000093 4,404,121.33
- b. MT CI REPLACE SPARE GSU TRANSFORMER CID 0169000093 4,356,906.64
- c. Transformer (Includes Autotransformer, Power, GSU, Station Service) – Each 7,948,881.76

Response:

The following GSU's, as shown on the JI-1-72 Attachment (a) MT CI replace GSU Transformer of 4,404,121.33; (b) MT CI replace spare GSU Transformer of 4,356,906.64 and (c) the GSU investment of \$3,663,584.19 was included in the GSU plant in service on Worksheet A and therefore excluded from the transmission formula rate net plant investment. Note that only \$3,663,584.19 of (c) above is GSU investment and therefore excluded from the transmission formula rate plant investment.

Preparer of Response: Diane M. Keegan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Preparer of Response: Joshua P. Baluch

Date: 11/25/2019

**PJM Formula Rates True-up for 2018 filed in 2019
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**Responses to AMP
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Data Request JI Set 2-24:

In reference to APCo's response to JI 1-72, please confirm that the following generating plant as shown on the JI-1-72 Attachment, column "journal_description2" were removed on WS – A in the formula rate template.

- a. Dresden Generating Plant : APCo : DRESGP in the amount of \$2,775,982.68
- b. John E. Amos Generating Plant Units 1 & 2 : APCo : 0740 in the amount of \$3,772.20
- c. Mountaineer Generating Plant : APCo : 0710 in the amount of \$8,761,206.56

Response:

In response to JI 1-72, all of the GSU investment in (a) Dresden Generating Plant of \$2,775,982.68; (b) John E. Amos Generating Plant of \$3,772.20 and (c) Mountaineer Generating Plant of \$8,761,206.56 was included on Worksheet A, GSU plant in service and therefore removed entirely from the APCo transmission plant investment.

Preparer of Response: Diane M. Keegan

Preparer of Response: Cassie M. Koehler

Preparer of Response: Jason A. Cash

Preparer of Response: Joshua P. Baluch

Date: 11/25/2019

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Responses to AMP
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Data Request JI Set 2-37:

In reference to JI 1-94c., APCo describes Line 2.61 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT as “non deductible contribution of OPEB that is recorded to account 1650035.” Please provide the following:

- a. Identify where in APCo’s formula rate template “WS C – Working Capital” tab these non-deductible contributions of OPEB is recorded. To the extent the associated amount in a portion of one of the line items, please identify the amount associated with this non-deductible.
- b. Given Commission precedent that non-deductible items are to be excluded from rate in (i) Northwest Pipeline Corporation, 77 FERC ¶ 61,326 (1996); (ii) Panhandle Eastern Pipe Line Company, 74 FERC ¶ 61,109 (1996); (iii) Williston Basin Interstate Pipeline Co., 56 FERC ¶ 61,104, at pp 61,378-79 (1991), order on reh’g, 60 FERC ¶ 61,162, at pp. 61,594-95 (1992); (iv) Questar Pipeline Company, 72 FERC ¶ 61,195 (1995); (v) Trunkline Gas Company, 90 FERC ¶ 61,017 (2000), please provide the justification for including amounts in Account 165 and the associated non-deductible ADIT in the formula rate template and provide any guidance used for the inclusion.

Response:

a. The medical trust contributions to which this ADIT is related are a component of the line item for account 1650035 in the Prepayments section of WS C, with a contra offsetting account in 1650037. See item b regarding deductibility of these contributions.

b. The description of the line item “SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT” inaccurately describes the underlying activity as a non-deductible item. Contributions to the medical plan trusts are deductible for tax purposes. This ADIT item is the tax effect of the temporary difference in timing between medical plan expense recorded on the books pursuant to FAS 106 and when tax deductions are taken on the tax return. Neither this ADIT line item nor the balance in 1650035 contains balances related to permanently non-deductible activity.

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: James F. Martin

Preparer of Response: David A. Hodgson

Preparer of Response: Joshua P. Baluch

Date: 11/25/2019

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Responses to AMP
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Data Request JI Set 2-43:

In reference to JI 1-110., I&M refers to the response JI 1-94 which would describe Line 10.16 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT as “non deductible contribution of OPEB that is recorded to account 1650035.” Please provide the following:

- a. Identify where in I&M’s formula rate template “WS C – Working Capital” tab these non-deductible contributions of OPEB is recorded. To the extent the associated amount in a portion of one of the line items, please identify the amount associated with this non-deductible.
- b. Given Commission precedent that non-deductible items are to be excluded from rate in (i) Northwest Pipeline Corporation, 77 FERC ¶ 61,326 (1996); (ii) Panhandle Eastern Pipe Line Company, 74 FERC ¶ 61,109 (1996); (iii) Williston Basin Interstate Pipeline Co., 56 FERC ¶ 61,104, at pp 61,378-79 (1991), order on reh’g, 60 FERC ¶ 61,162, at pp. 61,594-95 (1992); (iv) Questar Pipeline Company, 72 FERC ¶ 61,195 (1995); (v) Trunkline Gas Company, 90 FERC ¶ 61,017 (2000), please provide the justification for including amounts in Account 165 and the associated non-deductible ADIT in the formula rate template and provide any guidance used for the inclusion.

Response:

See the Company's response to JI 2-37.

Preparer of Response: Diane M. Keegan

Preparer of Response: Russell G. Doyle

Preparer of Response: James F. Martin

Preparer of Response: Joshua P. Baluch

Date: 11/25/2019

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Responses to AMP
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Data Request JI Set 2-62:

In reference to JI 1-135c., KPCo describes Line 2.31 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT as “non deductible contribution of OPEB that is recorded to account 1650035.” Please provide the following:

- a. Identify where in KPCo’s formula rate template “WS C – Working Capital” tab these non-deductible contributions of OPEB is recorded. To the extent the associated amount in a portion of one of the line items, please identify the amount associated with this non-deductible.
- b. Given Commission precedent that non-deductible items are to be excluded from rate in (i) Northwest Pipeline Corporation, 77 FERC ¶ 61,326 (1996); (ii) Panhandle Eastern Pipe Line Company, 74 FERC ¶ 61,109 (1996); (iii) Williston Basin Interstate Pipeline Co., 56 FERC ¶ 61,104, at pp 61,378-79 (1991), order on reh’g, 60 FERC ¶ 61,162, at pp. 61,594-95 (1992); (iv) Questar Pipeline Company, 72 FERC ¶ 61,195 (1995); (v) Trunkline Gas Company, 90 FERC ¶ 61,017 (2000), please provide the justification for including amounts in Account 165 and the associated non-deductible ADIT in the formula rate template and provide any guidance used for the inclusion.

Response:

See the Company's response to JI 2-37.

Preparer of Response: Russell G. Doyle

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/25/2019

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Responses to AMP
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Data Request JI Set 2-78:

In reference to JI 1-166, OPCo describes Line 9.79 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT as “non deductible contribution of OPEB that is recorded to account 1650035.” Please provide the following:

- a. Identify where in OPCo’s formula rate template “WS C – Working Capital” tab these non-deductible contributions of OPEB is recorded. To the extent the associated amount in a portion of one of the line items, please identify the amount associated with this non-deductible.
- b. Given Commission precedent that non-deductible items are to be excluded from rate in (i) Northwest Pipeline Corporation, 77 FERC ¶ 61,326 (1996); (ii) Panhandle Eastern Pipe Line Company, 74 FERC ¶ 61,109 (1996); (iii) Williston Basin Interstate Pipeline Co., 56 FERC ¶ 61,104, at pp 61,378-79 (1991), order on reh’g, 60 FERC ¶ 61,162, at pp. 61,594-95 (1992); (iv) Questar Pipeline Company, 72 FERC ¶ 61,195 (1995); (v) Trunkline Gas Company, 90 FERC ¶ 61,017 (2000), please provide the justification for including amounts in Account 165 and the associated non-deductible ADIT in the formula rate template and provide any guidance used for the inclusion.

Response:

See the Company's response to JI 2-37.

Preparer of Response: Diane M. Keegan

Preparer of Response: Russell G. Doyle

Preparer of Response: James F. Martin

Preparer of Response: Joshua P. Baluch

Date: 11/25/2019

PJM Formula Rates True-up for 2018 filed in 2019
FERC Docket No ER17-405 ER17-406

Responses to AMP
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Data Request JI Set 2-92:

In reference to JI 1-94c., WPCo describes Line 2.31 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT as “non deductible contribution of OPEB that is recorded to account 1650035.” Please provide the following:

- a. Identify where in WPCo’s formula rate template “WS C – Working Capital” tab these non-deductible contributions of OPEB is recorded. To the extent the associated amount in a portion of one of the line items, please identify the amount associated with this non-deductible.
- b. Given Commission precedent that non-deductible items are to be excluded from rate in (i) Northwest Pipeline Corporation, 77 FERC ¶ 61,326 (1996); (ii) Panhandle Eastern Pipe Line Company, 74 FERC ¶ 61,109 (1996); (iii) Williston Basin Interstate Pipeline Co., 56 FERC ¶ 61,104, at pp 61,378-79 (1991), order on reh’g, 60 FERC ¶ 61,162, at pp. 61,594-95 (1992); (iv) Questar Pipeline Company, 72 FERC ¶ 61,195 (1995); (v) Trunkline Gas Company, 90 FERC ¶ 61,017 (2000), please provide the justification for including amounts in Account 165 and the associated non-deductible ADIT in the formula rate template and provide any guidance used for the inclusion.

Response:

See the Company's response to JI 2-37.

Preparer of Response: Russell G. Doyle

Preparer of Response: Allyson L. Keaton

Preparer of Response: David A. Hodgson

Date: 11/25/2019

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Responses to AMP
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Data Request JI Set 2-101:

In reference to AP TransCo's response to JI 1-264, AP TransCo did not respond to the original question to determine whether there are unfunded reserves associated with these items. The Commission addressed the inclusion of unfunded reserves as a rate base reduction in a proceeding involving the formula rate template for Xcel Energy Southwest Transmission Company LLC ("XEST"). In XEST, the Commission stated:

[W]e find that XEST's formula rate template should recognize unfunded operations and maintenance costs reserves as a form of cost-free financial capital to XEST. Utilities may accrue monies through charges to operation and maintenance expense to fund contingent liabilities, and such accrued reserves should be deducted from rate base until they are used to fund the liabilities because such reserves represent a cost-free from [sic] of financial capital from customers to utilities not unlike accumulated deferred income taxes (ADIT) which are deducted from rate base. Accordingly, we direct XEST, in a compliance filing, to propose revisions to its formula rate template to credit any unfunded reserves against rate base. (XEST, 149 FERC ¶ 61,182 at P 97.)

Please provide the data as previously requests given that these expenses and associated ADIT are included in the formula rate template.

Response:

Please see the Company's response to JI Set 2-34.

Preparer of Response: Jason M. Yoder

Date: 11/25/2019