



SUBJECT: AEP East Operating Companies' and East Transmission Companies' 2018 Formula Rate True Discovery Responses to Joint Interveners Set 1.

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
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-1:

[In General] Please provide copies of data requests submitted by any other interested parties related to the 2019 Updates and AEP's responses to any such data requests. Please provide this information on a continuing basis.

Response:

AEP will provide copies of responses to data requests submitted by other parties, if any.

Preparer of Response: David B. Weiss

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-2:

[In General] State whether AEP has identified any errors or items requiring correction in any of the 2019 Updates. If so, describe the error or correction and its effect on the relevant ATRR.

Response:

Subsequent to the filing on May 28, 2019 of the true-up to actual of the projected revenue requirements in effect during 2018, AEP discovered two issues that required correction:

AEP Indiana Michigan Transmission Company, Inc. ("IMTCo"):

In December 2018, IMTCo closed on a purchase of transmission assets located in, and assessed to, customers taking service in Zone 5 of the Midcontinent Independent System Operator, Inc. (MISO). The revenue requirement for this is reported via a MSO approved formula and the corresponding value is removed from the PJM OATT Attachment 20, which IMTCo uses to report its PJM revenue requirement. A subsequent review of IMTCo's formula determined that the inputs made to remove this investment were done incorrectly. IMTCO's formula utilizes a 13 month average rate base. In the May 28 Filing, AEP erroneously included the value of the purchased plant for each monthly input used to determine the 13 month average of rate base for 2018. However, this did not reflect the fact that the investment was not actually recorded on IMTCo's ledger until December 2018, the month the transaction closed. By including this balance as an elimination in each month of the test year (other than December), an offset to rate base was applied. This resulted in an understatement of plant, and the corresponding revenue requirement, to be recovered in Attachment H-20 of the PJM OATT.

On July 16, 2019, AEP submitted a supplemental informational filing in Docket No. ER17-406, which corrected this understatement. The net impact of this correction was to an increase to the 2018 true-up revenue requirement of \$2,795,472, which reflects a decrease in Schedule 12 revenue of \$54,487 and an offsetting increase in NITS revenue of \$2,849,959.

Ohio Power Company, Inc. ("OPCo"):

In a review of the formula filed May 28, 2019, it was determined that the transmission allocated value of the Plant Held for Future Use was not being included in the total rate base. This resulted in an understatement of rate base and the related ATRR. On July 10, 2019, AEP submitted a supplemental informational filing in Docket No. ER17-405, which corrected this understatement. The impact of correcting this issue was to increase ATRR by \$347,341, of which \$13,040 will be collected as Schedule 12 charges, and the remainder as NITS charges.

Preparer of Response: David B. Weiss

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-9:

[In General] Please provide a list of the pension contributions (by fund and \$ contributed), including the total dollar amount of such contributions, made by each OpCo and TransCo during 2017 and 2018 to-date.

Response:

AEP has not made a pension contribution in 2018 or 2019 to-date.

Preparer of Response: Russell G. Doyle

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-11:

[In General] In reference to the Prepaid Pension Benefit included in the 12/31/2018 balance for each of the AEP East OpCos shown on the “WS-C – Working Capital” tab for each company, please provide the following:

- a. Calculations of or the derivation of the Prepaid Pension Benefit.
- b. A detailed description of what this amount represents and the basis to record it to Account 165 – Prepayments.
- c. State whether these amounts are recorded in trust accounts.
- d. Provide the name(s) of the business or regulatory authority these prepayments were made to and their associated amounts.

Response:

- a. The prepaid pension account is the cumulative balance of contributions and actuarial determined pension expense. See the table below.
- b. See the response for part a. AEP continues to follow the FAS 87 accounting standard.
- c. The pension contribution and benefits paid are processed through a trust at Bank of New York Mellon.
- d. Below is a roll forward of the prepaid pension account for 2018 for the AEP East Operating Companies. No pension contribution was made in 2018.

**2018 Pension Prepaid
Activity**

	1/1/2018	CONTRIBUTION	EXPENSE	12/31/2018
Appalachian Power Co.	164,847,647	0	(6,891,744)	157,955,904
Indiana Michigan Power Co.	107,227,540	0	(9,673,644)	97,553,896
Kingsport Power Co.	4,704,079	0	(241,084)	4,462,995
Kentucky Power Co.	48,701,091	0	(1,959,777)	46,741,314
Ohio Power Co.	197,634,044	0	(4,600,870)	193,033,174
Wheeling Power Co.	7,142,392	0	(149,718)	6,992,674

Preparer of Response: Russell G. Doyle

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-12:

[In General] State whether, in the 2017-2018 timeframe, AEP implemented any changes in its accounting guidelines or procedures for any OpCo that affected the manner in which costs or revenues reflected in that OpCo's ATRR calculations are recorded. If so, describe each such change, specify the reason for the change, and quantify the impact of the change on the relevant ATRR.

Response:

There were no changes in accounting guidelines or procedures for the OpCo's that affected the manner of recordation of costs or revenues.

Preparer of Response: Craig M. Adelman

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-13:

[In General] State whether, in the 2017-2018 timeframe, AEP implemented any changes in its accounting guidelines or procedures for any TransCo that affected the manner in which costs or revenues reflected in that TransCo's ATRR calculations are recorded. If so, describe each such change, specify the reason for the change, and quantify the impact of the change on the relevant ATRR.

Response:

There were no changes in accounting guidelines or procedures for the TransCo's that affected the manner of recordation of costs or revenues.

Preparer of Response: Rhoderick C. Griffin

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-16:

[In General] Please provide information identifying, by account, any costs reflected in the 2018 ATRR calculation for any OpCo that were incurred, or the basis for which occurred, before January 1, 2018. Explain the reasons for including such prior-period costs in the 2018 ATRR calculations. If any such cost items instead were recorded in a deferred asset account (e.g., Account 186) or other FERC account used to reflect costs awaiting future recovery, please provide a table describing each such item and specifying the amount of each such item, the account where the item was recorded, and when recovery of the deferred item will begin.

Response:

There were no material costs incurred prior to January 1, 2018 that were included in the OpCo's 2018 ATRR calculations.

Preparer of Response: Craig M. Adelman

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-17:

[In General] Please provide information identifying, by account, any costs reflected in the 2018 ATRR calculation for any TransCo that were incurred, or the basis for which occurred, before January 1, 2018. Explain the reasons for including such prior-period costs in the 2018 ATRR calculations. If any such cost items instead were recorded in a deferred asset account (e.g., Account 186) or other FERC account used to reflect costs awaiting future recovery, please provide a table describing each such item and specifying the amount of each such item, the account where the item was recorded, and when recovery of the deferred item will begin.

Response:

There were no material costs incurred prior to January 1, 2018 that were included in the TransCo's 2018 ATRR calculations.

Preparer of Response: Craig M. Adelman

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-18:

[In General] For each OpCo and TransCo, for each Worksheet Q (i.e. NITS, Schedule 12, and Schedule 1A etc.), please state whether there were any amounts to be trued up as it appears none of these worksheets are being utilized. In addition, please explain (i) why the OpCos appear to reference 2016 – 2018 when the TransCos appear to reference 2017 – 2019, (ii) why the interest rates do not appear to match the FERC interest rates by month or quarter per 18 C.F.R. Section 35.19a, and (iii) why these interest rates are not compounding quarterly per 18 C.F.R. Section 35.19a

Response:

The accrual of interest is not calculated because at the time the true-up templates are posted there will be a several month lag until the interest-adjusted true-up amount is rolled in to the following year's projected revenue requirement.

(i) Worksheet Q will reference the same true-up twenty month (20) period for each OPCo and Transco in the 2020 projected transmission formula rate (filed October 2019) calculated with interest starting with January 2018 through December 2019 and returned prorate over 2020.

(ii) Based on the settlement in ER17-405 the interest rate to be applied to the over or under recovery amounts will be determined using the average monthly FERC interest rate (as determined pursuant to 18 C.F.R. Section 35.19a) for the twenty (20) months from the beginning of the rate year being trued-up through August 31 of the following year.

(iii) See response to (ii) above.

Preparer of Response: Diane M. Keegan

C465782

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-19:

[In General] For any OpCo substation that serves a dual function (i.e., transmission and distribution), please provide a list of these substations including (i) voltage level, (ii) when substations were placed into service (iii) FERC account(s) where these assets are recorded and (iv) a detailed description of how the costs of these dual-use substations were allocated to the transmission and distribution functions. This detailed description should include an explanation, together with supporting documentation, of the process employed by AEP to determine how the function of individual assets at the dual-use substations are determined to be "Transmission" or "Distribution."

Response:

AEP Ohio is the only East Operating Company that has assets within a substation that are split between transmission or distribution. The other Operating Companies follow the primary use of the substation for determining whether transmission or distribution own the substation assets. The primary use can be located for each substation over 69kV on the FERC Form 1 for each Operating Company. Please see JI 1-19 Attachment 1 for a list of "dual function" substations in AEP Ohio with their corresponding voltage (i). The date the stations were placed in service (ii) is not readily maintained, however, the vintage year of the substation is also listed in JI 1-19 Attachment 1.

(iii) Station equipment identified as distribution plant are recorded to FERC Account 362 and Station equipment identified as transmission plant are recorded to FERC account 353.

(iv) Costs associated with each facility are recorded to transmission or distribution based on the function of that facility. For general O&M associated with the facilities, costs are allocated to transmission and distribution based on each business unit's share of the station.

The requested one-line diagrams are critical energy infrastructure information (CEII) and will be made available for review at AEP's headquarters, subject CEII confidentiality requirements. Alternatively, AEP will provide Joint Customers with the requested one-line diagrams upon the approval of an FOIA Request at FERC. An electronic FOIA request form may be found at the following link:

<https://www.ferc.gov/legal/ceii-foia/foia/foia-new-form/FOIARquest.aspx>

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date:

8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-20:

[In General] Please verify whether any Operations and Maintenance (“O&M”) expenses were transferred or allocated from an OpCo to a TransCo. If yes, please provide the following:

- a. A detailed list of the expenses that were transferred and their associated amounts transferred to a TransCo by FERC account; and
- b. A description of the allocation methodology used to transfer the expenses from the OpCo to the TransCo.

Response:

The companies do not transfer costs amongst affiliates; however, AEP affiliates provide service to other AEP affiliates as a normal course of business. AEP uses a work order system to ensure that services provided by one business unit that benefit other business units are properly billed to the entities benefitting from that service. AEPSC is the primary service provider to the TransCo’s. However, since the TransCo’s do not have employees, they also rely on other AEP affiliates or third party vendors to provide necessary services. All services provided to affiliates are billed at cost. Labor charges billed between AEP affiliates represent the fully-loaded cost of labor, inclusive of benefits and administrative costs. Please refer to JI 1-20 Attachment 1 for the requested information.

Preparer of Response: Rhoderick C. Griffin

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-21:

[In General] For OpCo and TransCo lay down yards for materials and supplies, please provide the following:

- a. A description of how AEP separates materials and supplies in lay down yards between an OpCo and TransCo
- b. Provide the allocation methodologies used for splitting materials and supplies between an OpCo and TransCo.
- c. A detailed description of how lay down yards are managed (i.e., by AEP or a third-party, protocols for handling inventory, etc.)
- d. Whether these materials and supplies are being recorded into Accounts 154, 107, or capitalized to plant.
- e. Identify where labor related to these laydown yards are recorded by FERC account. In addition, please verify whether this labor is being split between the OpCos and TransCos.

Response:

- a. All OpCo and TransCo material in the laydown yards is physically separated by project and then by work order. Each project has a binder which logs all the material received for the job. The material is also staged in separate yard locations for the larger items and all the smaller material is kitted on skids and stored in its own storage container. All containers are tagged with the specific project name and work orders.
- b. AEP does not split material and supplies between an OpCo and a TransCo. All OpCo and TransCo projects are managed as separate organizations.
- c. Laydown yards are managed by AEPSC personnel. The organization consists of an exempt Supervisor for each state, with regional Field Operations Assistants that oversee an assigned territory. Each Field Operations Assistant is assigned 4-6 laydown yards and is responsible for all the day to day operations. Each laydown yard will have a Stores Attendant and 3-6 Material Handlers depending on the number of projects assigned to that yard. The material is ordered by the specific business unit via material requisitions and routed through the supply chain material coordinators team. This team will route the internal request to the Regional Distribution Centers (RDCs) and the external request to the Procurement department for sourcing. As the material is received at the laydown yards the Stores Attendant will verify correct items and quantities that are received and will process a receipt in the inventory management system which clears the invoicing for Accounts Payable. The material is then logged in the project binder and assigned a specific location. As needed, the construction contractors will pick up the material and sign the packing slips. This management structure is standard for all laydown yards managed by AEPSC throughout the system.
- d. All material in the laydown yards is capital (Account 107), direct charged material that has already been issued to the job by one of two ways: 1) Transfer of materials - when the RDC fills the internal material requisition, or 2) Purchase of materials - when the Stores Attendant

creates a Purchase Order receipt for direct shipped material that was listed on the external material requisition.

e. The labor at the laydown yards is allocated between the OpCo and TransCo projects being serviced from that location.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-23:

[In General] JI-1. In relation to AEP's membership in Grid Assurance, please provide the following:

- a. Verify whether Grid Assurance keeps similar spares to the ones held at AEP East.
- b. Where the expenses related to this membership are recorded by FERC account and the associated amounts.
- c. The number of spares received from the Grid Assurance membership and utilized by OpCo and TransCo during 2018.

Response:

No Grid Assurance expenses were incurred during the period covered by this Annual Update. Consequently, AEP is not providing responses to questions concerning Grid Assurance as they are outside the scope of the Annual Update review.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-24:

[In General] In relation to EPC Contracts, please provide (i) the guidelines for how the contracts are bid, (ii) whether they are all sent for competitive bid, and (iii) the number sent for competitive bids versus the total number of contracts in 2018 for each OpCo and TransCo.

Response:

- i) The Company does not have a specific "guideline for how the contracts are bid". Projects that are not competitively bid are assigned to contractors that have undergone a vetting process.
- ii) Not all contracts for EPC projects were competitively bid.
- iii) Out of the two EPC projects in 2018, one was competitively bid for Ohio Power Company. The other project for Appalachian Power was directly assigned.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-25:

[For All OpCos and/or TransCos] For each OpCo, reference the worksheet entitled "WS H Other Taxes," Lines 15 – 22, please provide the description of each miscellaneous tax that these amounts represent.

Response:

Federal Excise Taxes: Tax imposed on purchases of a specific good, such as gasoline. Excise taxes are often included in the price of the product. There are also excise taxes on activities, such as on highway usage by trucks.

Sales and Use Tax: An excise tax imposed on sale or purchase price of certain goods and services.

State Business and Occupation Taxes: A tax that is imposed on a business for the privilege of doing business in the jurisdiction. The tax is often based upon the gross revenue received by the business from activities conducted in the taxing jurisdiction.

State Franchise Taxes: Tax imposed by state governments on a taxable entity for the privilege of doing business in that state. The tax is based on the apportioned value of capital employed in a taxing jurisdiction.

State License/Registration Fee: A government regulation requiring a license or registration to operate a business within a jurisdiction.

State Public Service Commission Fee: A charge imposed on users of regulated services, which is used to finance operational cost of the regulatory body (e.g., P.U.C.).

Preparer of Response: Daniel E. Ernst

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-26:

[For All OpCos and/or TransCos] For each OpCo and each TransCo, reference 2018 FERC Form 1, Account 182.3 – Other Regulatory Assets, pages 232 through 232.4 (as applicable) GreenHat Default Contingency, please provide the following:

- a. Provide a detailed description of this regulatory asset.
- b. In each instance, Column (e) indicates an amount that was written off. For each company, please provide a detailed tabulation by FERC account, including associated subaccounts if applicable (i.e. FERC Accounts 408.1, 561.1, 930.1 etc.), and associated amounts that were charged.
- c. State whether AEP has received FERC approval authorizing recovery of this regulatory asset in the transmission formula rate. If so, please provide any relevant FERC Docket Nos.
- d. If AEP is not seeking to recover the write-offs in the transmission formula rate or has not received FERC authorization, please provide where in the formula rate template these expenses were removed.

Response:

A. 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.

B. The following companies had reductions to the GreenHat regulatory asset:

- I&M - \$53,341 offsetting in account 561.4
- APCO - \$46,802 offsetting in account 561.4
- OPCO - \$52,176 offsetting in account 561.4
- WPCO - \$2,750 offsetting in account 561.4

C. AEP is not seeking to recover these regulatory assets through its transmission formula rates, thus no FERC approval has been requested.

D. As shown on line 55 in the TCOS tab of the formula rates, AEP is not seeking to recover any regulatory assets in its rate base calculation. Account 561.4 is excluded from formula rates through lines 75 on the TCOS tab and Line 2 of the Schedule 1A revenue requirement calculation.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Jason M. Johnson

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-28:

[For All OpCos and/or TransCos] Please explain how contributions in aid of construction (“CIAC”) amounts received from customers recorded on the books and records of each OpCo and TransCo:

- a. Are the CIAC amounts recorded as a Contra-Asset to off-set the recording of the plant-in-service to which the CIAC pertains? (Provide copies of example manual journal entries to record the CIAC amounts received from customers on each OpCo’s and TransCo’s books and records, including all FERC Accounts that are impacted.)
- b. If no to (a) above, please provide a detailed description of how the CIAC amounts are recorded on the “Plant Ledger” to reflect that the net plant-in-service to be included in rate base does not reflect any CIAC related plant.

Response:

Contributions in Aid of Construction (CIAC) are tracked by work order and recorded as a credit to Account 107, Construction Work in Progress. If the total CIACs are more than the construction charges for the applicable work orders, the excess is recorded to Account 253, Other Deferred Credits, as construction is ongoing.

- a.) Examples of journal entries to record CIAC are as follows:

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

To record construction activity associated with CIAC (offset CIAC credit to CWIP)
DR Account 1070001 (CWIP) \$XXX,XXX
 CR Account 1310000 (Cash) \$XXX,XXX

To record excess CIAC from associated construction charges
DR Account 1070001 (CWIP) \$XXX,XXX
 CR Account 2530124 (CIAC Advance) \$XXX,XXX

- b.) Please see the Company’s response to JI Set 1-28 and JI Set 1-28(a).

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Jason A. Cash

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-29:

[For All OpCos and/or TransCos] If the CIAC is recorded in the Plant Ledger as a “Contra-Asset,” does each OpCo and TransCo depreciate/amortize that CIAC over the average remaining life of the CIAC related plant on its books and records? (Provide copies of example journal entries to record the CIAC depreciation/amortization amounts on each OpCo’s and TransCo’s books and records, including all FERC Accounts that are impacted.)

Response:

Please see the Company’s response to JI Set 1-28.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Jason A. Cash

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-30:

[For All OpCos and/or TransCos] Please provide a copy of any seven-factor test done by or for each OpCo and TransCo or the owner of the facilities prior to AEP East (original owner of the facilities) to determine if all its transmission facilities satisfy the test as “transmission” or “not distribution.”

Response:

The OpCos and Transcos do not complete formal “seven-factor test(s)” for facilities, however, the methodology for determining the predominant use or function of individual assets is based on the guidelines outlined in the Commission’s seven-factor test.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-31:

[For All OpCos and/or TransCos] Please provide a copy of the methodology and/or tests employed by or for each OpCo and TransCo or the owner of the facilities prior to AEP East (original owner of the facilities) to determine whether the predominant use or function of individual assets and facilities is “transmission” or “not distribution.”

Response:

Please refer to the response for JI 1-38.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-32:

[For All OpCos and/or TransCos] For every related transmission facility (station or line) identified in response to (JI 1-33 or JI 1-34), (a) confirm that all customers served at the same voltage level as the identified facility are not paying any associated distribution costs; (b) identify the voltage level of the transmission facility providing service; (c) identify the voltage level in which the customer is taking service.

Response:

Please see the responses to JI 1-33 and JI 1-34.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-33:

[For All OpCos and/or TransCos] Please provide cites to any seven factor tests for any OpCo or TransCo transmission facilities that were submitted to state regulatory bodies or the FERC.

Response:

Please see the response to JI Set 1-30.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date

: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-34:

[For All OpCos and/or TransCos] Please provide cities to the methodology and/or tests employed by or for each OpCo and TransCo or the owner of the facilities prior to AEP East (original owner of the facilities) to determine whether the predominant use or function of individual assets and facilities is “transmission” or “not distribution” that were submitted to state regulatory bodies or the FERC.

Response:

Please refer to the response for JI 1-38.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-36:

[For All OpCos and/or TransCos] JI-1. Please provide a list of all radial transmission facilities (lines and other facilities supporting those radial lines) on an OpCo or TransCo System identified in the following manner:

- a. Provide a list of all radials that terminate at facilities owned by a single customer.
- b. Provide a list of all radial facilities serving multiple retail customers.
- c. Provide the name of the radial facility
- d. Provide the location of each radial facility.
- e. Provide the length in miles of each radial transmission line
- f. Provide the number of customers on each radial transmission line
- g. Provide the accumulated depreciation of each radial transmission line.
- h. Provide the year in-service of each radial transmission line. If this information is not available provide an estimate vintage year of each radial transmission line.

Response:

The company does not maintain this information in the manner requested. Please see JI Set 1-36 Attachment 1 that was prepared in 2018.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-37:

[For All OpCos and/or TransCos] Please identify the types of customers (retail, municipal, cooperative, industrial, etc.) and the number of such customers served off each radial line segment included in the gross plant investment in each OpCo and TransCo formula rate. If a voltage demarcation point is not used, please explain the process employed by AEP to determine that the specific purpose of the individual assets or facilities is either "transmission," "distribution" or "other."

Response:

All assets are transmission. Please see the Company's response to JI Set 1-36.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-38:

[For All OpCos and/or TransCos] Identify the voltage demarcation point at which each OpCo and TransCo considers a facility “transmission.”

Response:

AEP does not classify transmission and distributions using a bright line standard. An asset’s classification is determined by its function. Major assets within a substation such as transformers, breakers, etc. are booked as either transmission or distribution based on specific purpose of the asset.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-39:

[For All OpCos and/or TransCos] For circuit breakers feeding radial facilities at or equivalent to AEP stated transmission voltages (i.e., 34kV and above), please state whether AEP East has facilities at or equivalent to AEP stated transmission voltages (i.e., 34kV and above) that do not have bi-directional flow supplying power to radial loads. If so, does AEP East include these facilities in the ATRR? For each OpCo and TransCo, please provide a detailed list of these facilities, their associated amounts and the FERC Account(s) where these amounts are included.

Response:

The information requested is not maintained by the Company. Please see the Company's response to JI Set 1-36.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-41:

[For All OpCos and/or TransCos] Please provide the following related to spares with voltages between 34kV and 755 kV:

- a. Amounts spent on spares by FERC account.
- b. Number of spares purchased in 2018.
- c. Number of spares retired and/or scrapped.
- d. Number of spares placed into service in 2018 and the reason they were required. For anything that was replaced, please provide details of the age and condition.
- e. Identify any spares that were transferred between OpCos and TransCos and their associated amounts by FERC account.

Response:

Please note that the following information related to spares include voltages between 34kV and 765kV.

- a. \$30,405,328 in FERC account 362 and \$33,585,668 in FERC account 353.
- b. 47.
- c. 11.
- d. 15. These transformers were placed in service to mitigate a failure. The age and condition of the original equipment is not readily available.
- e. No spares were transferred between OpCos and TransCos in 2018.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-42:

[For All OpCos and/or TransCos] In relation to fiber buildout for "Smart Grid," as defined by AEP on its website <https://www.aepsustainability.com/energy/reliability/>, please provide the following:

- a. A detailed tabulation, including associated amounts, by FERC account of where these expenses are recorded.
- b. How are the expenses determined to be distribution or transmission? What methodologies are used? Please provide an electronic copy of the most recent study performed to support the allocation methodology used to determine the allocation of expenses to distribution or transmission.
- c. What amount of bandwidth is being used to transfer data to transmission control centers versus distribution control centers?

Response:

- a. Please see JI 1-42 Attachment 1 for fiber optic investments made by AEP's transmission subsidiaries in the PJM region related to Smart Grid fiber optic cable.
- b. & c. The fiber optic cable to support Transmission is a Transmission asset. At the beginning of the program, a bandwidth study was conducted and the asset was split 95/5 Transmission/Distribution based upon current circuit usage as measured on the AEP System fiber support backbone. This study is done tri-annually. AEP's transmission and distribution control centers have multiple groups within each facility, making it impossible to distinctly define who is utilizing how much of the aggregated bandwidth at any specific location. AEP uses Quality of Service (QoS) to make sure critical traffic gets first priority. Other facility users' usage will vary depending upon their current requirements and daily usage.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-45:

[For All OpCos and/or TransCos] Please provide a detailed breakdown and description of the items by transmission project underlying the amount shown as additions to Transmission Plant in Service in 2018, as reported in the FERC Form 1, Page 206, Line 58, Column (c) separately for:

- a. each OpCo; and
- b. each TransCo.

Response:

Pease see JI 1-45 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-47:

[For All OpCos and/or TransCos] For the AEP OpCo's only, please provide a detailed breakdown and description of the items underlying the additions to General Plant in 2018, as reported in the FERC Form 1, Page 206, Line 99, Column (c).

Response:

Pease see JI 1-47 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-49:

[For All OpCos and/or TransCos] Please identify (by FERC Account and amount) all costs included in Transmission, Intangible or General Plant accounts in the 2018 true-up that, prior to 2018, were not recorded to Transmission, Intangible or General Plant accounts. State the reasons for the change in accounting for such costs.

Response:

Pease see JI 1-49 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-51:

[For All OpCos and/or TransCos] For each OpCo, please explain the derivation of the "Percentage of Plant" figures used to calculate the "Net Plant" in each state jurisdiction as outlined in the tab entitled "Worksheet H Other Taxes."

Response:

To derive each OPCo "Percentage of Plant" figure, AEP summed all account balances for General Ledger accounts 101, 103 and 106 by functional FERC Account for each state in which the OPCo operates. AEP then calculates a percent, by state, for each functional group, i.e. distribution, general plant, production and transmission.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-52:

[For All OpCos and/or TransCos] For each OpCo, please identify and provide a detailed breakdown of any Real Estate and Personal Property Taxes which are included in the 2018 FERC Form 1, Page 114, Line 14, Column (c) that were incurred and booked for any generating unit that was retired during 2016, 2017 or 2018.

Response:

AEP does not book taxes on a generating plant unit basis in FERC Form 1. The OpCo's did incur relatively low-dollar taxes for remaining sites (land and buildings).

For Indiana Michigan Power, Tanners Creek plant was sold in 2016, so \$0 in 2018.

For Kentucky Power, Big Sandy Unit 2 was retired no taxes were expensed. All remaining Big Sandy taxes are associated with Big Sandy Unit 1.

Kingsport Power has no generation equipment.

Wheeling Power had no retired generation.

Ohio Power had no generation equipment.

For Appalachian Power:

- Glen Lyn plant was \$34,637.
- Clinch River Unit 3 was \$5,584.
- Kanawha River was \$93,466, which was the remainder of the final tax liability for this plant paid in early 2018.

Preparer of Response: Thomas F. Johnson

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-53:

[For All OpCos and/or TransCos] For each OpCo, refer to the 2018 FERC Form 1, Page 205 Line 46, Column (d), please provide a detailed tabulation by retired unit/plant and their associated retirement amounts related to each generation unit/plant.

Response:

Pease see JI 1-53 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-54:

[For All OpCos and/or TransCos] For each OpCo, please provide an explanation and a detailed tabulation of how the accumulated depreciation, as shown in the 2018 FERC Form 1, Page 219, Lines 20-24, Column (b) was adjusted for each generating unit/plant retired during 2018.

Response:

No generating plant or generating unit retirements occurred during calendar year 2018.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-55:

[For All OpCos and/or TransCos] For each OpCo, please verify whether or not Real Estate and Personal Property Taxes continue to be incurred at property locations where generating units or plants were retired during 2016, 2017 or 2018, and if so will these taxes continue to be incurred at the same level after the retirement?

Response:

For Indiana Michigan Power, Tanners Creek plant was sold in 2016, no taxes have been incurred since then. For Kentucky Power, Big Sandy Unit 2 was retired no taxes were expensed. Kingsport Power has no generation equipment. Wheeling Power had no retired generation. Ohio Power had no generation equipment.

For Appalachian Power, the amounts below were paid in 2018.

- Glen Lyn plant = \$34,637. Taxes will continue to decrease until the building is razed.
- Clinch River Unit 3 = \$5,584. Taxes will be similarly low until the building is razed.
- Kanawha River = \$93,466, which was the remainder of the final tax liability for this plant paid in early 2018. No more taxes will be paid for this plant.

Preparer of Response: Thomas F. Johnson

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-56:

[For All OpCos and/or TransCos] For each OpCo and TransCo, please provide a 5-year projection of PBOP expenses for 2019 – 2024.

Response:

Please see JI Set 1-56 Attachment 1.xlsx for Operating Company expense. TransCo companies do not have employees.

Preparer of Response: Russell G. Doyle

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-57:

[For All OpCos and/or TransCos] For each OpCo and TransCo, reference FERC Form 1 page 429, for all Non-power Goods or Services Provided by Affiliate, for each intercompany billing between AEP affiliates and from AEP Service Company ("AEPSC"), please provide the following:

- a. A detailed breakout of costs (Excel format), including associates amounts and the cost center where each cost originated, that were allocated or directly charged to each OpCo and TransCo by FERC Account. For any amounts allocated to an OpCo or TransCo, please provide the detailed AEPSC entries (Excel format) prior to the allocation to each OpCo and TransCo. For example, please include similar columns with the following types of data (FERC Account Num CMD, Account ID, Account Long Descr, Oper Unit ID, Resp Center ID, Resource Type ID, Process ID, Project ID, Product ID, Journal ID, Business Unit, JD Journal Descr, JD Journal Line Descr, JD Operator ID JD, Vendor Name, Voucher ID JD, Accounting Period CMD, Fiscal Year CMD, Amount, Percentage of Amount allocated to each OpCo/TransCo, OpCo/TransCo Amount) for any account included in the formula.
- b. An electronic copy of the manual detailing the methodology used to support intercompany billing in respective of services rendered between AEP affiliates.

Response:

a. Please see JI 1-57 Attachment 1 AEPSC for detail of AEPSC billings to each OpCo and TransCo for the year 2018. Due to voluminous amount of detail requested, it was not possible to combine all fields requested on one spreadsheet tab, so the attachment is broken up into several tabs to present many of the fields requested.

Please see JI 1-57 Attachment 2 Intercompany for detail of Intercompany billings to each OPco and Transco for the year 2018. Due to voluminous amount of detail requested, it was not possible to combine all fields requested on one spreadsheet tab, so the attachment is broken up into several tabs to present many of the fields requested.

b. See JI 1-57 Attachment 3 Master Cam Document-12-31-18.pdf

Preparer of Response: Brian T. Lysiak

Preparer of Response: Brian J. Frantz

Preparer of Response: Matthew K. Murray

Date: 8/27/2019

PJM Formula Rates True-up for 2018 Filed in 2019
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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-60:

[For All OpCos and/or TransCos] For each TransCo, please provide the total of short-term advances from the AEP Money Pool included in Account 430 - Interest on Debt to Associated Companies. To the extent short-term advances from the AEP Money Pool are recorded in other FERC accounts, please provide those accounts and their associated amounts.

Response:

The Moneypool balances at 12/31/2018 for the TransCo companies are shown below.

Year	Account	Unit	Descr	Sum Total Amt
2018	1450000	380	AEP Ohio Trans Co	47,502,428.48
2018	2330000	382	AEP Appalachian Trans Co	-7,860,181.98
2018	2330000	383	AEP West Virginia Trans Co	-16,955,292.94
2018	2330000	384	AEP Kentucky Trans Co	-1,638,162.41
2018	2330000	385	AEP Indiana Michigan Trans Co	-17,666,299.12
2018	1450000	386	AEP Oklahoma Trans Co	32,450,502.06
2018	2330000	388	AEP Southwestern Trans Co	-1,231,297.22

Preparer of Response: Russell G. Doyle

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-62:

[For All OpCos and/or TransCos] Please provide copies of the PowerTax Report 257 (in Excel) for each OpCo and TransCo for the following:

- a. The detailed Account Balances for each property related ADIT item in Account 282 as of December 31, 2017 prior to reflecting the implementation of the Tax Cuts and Jobs Act of 2017 ("TCJA") (reflect 35% federal income tax rate);
- b. The detailed Account Balances for each ADIT item in Account 282 as of December 31, 2017 after reflecting the implementation of the TCJA (reflect 21% federal income tax rate);
- c. The detailed Account Balances for each ADIT item in Account 282 as of December 31, 2018; and
- d. For each ADIT balance provided in subparts a. b. and c. above, indicate whether the ADIT is protected or unprotected, and the basis for such categorization.

Response:

- a. See JI-62 Attachment 1
- b. See JI-62 Attachment 1
- c. See JI-62-Attachment 2
- d. Segregation of the excess ADFIT balances between protected and unprotected is determined by the Company's software related to depreciable property using the Average Rate Assumption Methodology ("ARAM"); once the software has determined the appropriate level of excess protected ADFIT based upon depreciable property, the remaining excess ADFIT is unprotected.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-63:

[For All OpCos and/or TransCos] JI-1. Please provide copies the PowerTax Provision Report (in Excel) for each OpCo and TransCo for the following:

- a. The detailed Account Balances for each non-property related ADIT item in Accounts 190 and 283 as of December 31, 2017 prior to reflecting the implementation of the TCJA (reflect 35% federal income tax rate);
- b. The detailed Account Balances for each non-property related ADIT item in Accounts 190 and 283 as of December 31, 2017 after reflecting the implementation of the TCJA (reflect 21% federal income tax rate);
- c. The detailed Account Balances for each ADIT item in Accounts 190 and 283 as of December 31, 2018; and
- d. For each ADIT balance provided in subparts a. b. and c. above, indicate whether the ADIT is protected or unprotected, and the basis for such categorization.

Response:

a. - d. Please see JI-62.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-64:

[For All OpCos and/or TransCos] In regards to AEP's remeasurement of the income tax reserve for each OpCo and TransCo due to the TCJA, please provide the following:

- a. Copies of all the journal entry transactions, and the detailed supporting documentation and calculations for each journal entry transaction including the detailed breakdown by category Protected Property ADIT, Unprotected Property ADIT, Protected Non-Property ADIT (if any) and Unprotected Non-Property ADIT, related to the recording of the TCJA remeasurement in 2017; and
- b. Copies of all the journal entry transactions, and the detailed supporting documentation and calculations for each journal entry transaction, related to the recording of the 2018 amortizations separately for Protected Property ADIT, Unprotected Property ADIT Protected Non-Property ADIT (if any) and Unprotected Non-Property ADIT.

Response:

JI-64 Attachment 1 includes the journal entries for the TCJA remeasurement in 2017 and JI-64 Attachment 2 includes the journal entries related to the recording of the 2018 amortizations. Please note, the journal entries for 2018 include reclasses and adjustments as well as the remeasurement and amortization amounts. JI-64 Attachment 3 is documentation for the 2017 remeasurement and the 2018 amortization for each OpCo's protected ADIT. JI-64 Attachment 4 is documentation for the 2017 remeasurement and the 2018 amortization for each Transco's Protected ADIT. JI-64 Attachments 5 - 9 are the support schedules for each OpCo's unprotected ADIT. Lastly, JI-64 Attachment 10 is the documentation for each Transco's unprotected ADIT. For the calculation of the excess ADFIT, all Account 190.1, 282.1 and 283.1 ADFIT balances were multiplied by 40% (14% change in rate from 35% to 21%, divided by 35%) and recorded as excess ADFIT in Account 2834001 (for ADFIT in Accounts 190.1 and 283.1) and 2824001 for ADFIT recorded in Account 282.1 with the offset in Account 2544001. Gross-up of the excess ADFIT was recorded in 1904001 with the offset to Account 2544001. For additional detail by line item related to the remeasurement, please refer to the Company's response to JI-62. Segregation of the excess ADFIT balances between protected and unprotected is determined by the Company's software related to depreciable property using the Average Rate Assumption Methodology ("ARAM"); once the software has determined the appropriate level of excess protected ADFIT based upon depreciable property, the remaining excess ADFIT is unprotected.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-65:

[For All OpCos and/or TransCos] In regards to AEP's recording of the AFUDC Equity related ADIT and AFUDC Debt related ADIT for each OpCo and TransCo, please provide the following:

- a. Do the OpCo's and TransCo's record the AFUDC Equity and AFUDC Debt related ADITs separately? If the answer is no, please provide a detailed explanation;
- b. Provide the 2017 (post TCJA) and 2018 AFUDC Equity ADIT balances and the FERC Account to which they are recorded; and
- c. Provide the 2017 (post TCJA) and 2018 AFUDC Debt ADIT balances and the FERC Account to which they are recorded.

Response:

- a. Yes
- b. The AFUDC Equity is treated as a flow-through item that is recorded to account 282.3 on the FAS109 line. FAS109 is excluded from the ADIT in this filing.
- c. See JI-65 Attachment 1 and Attachment 2

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-66:

[For All OpCos and/or TransCos] To the extent AEP has amortized any of the TCJA 2017 remeasurement balances during the period January 1, 2018 to-date, please provide copies of all supporting documentation, transactions, journal entries, etc. which reflects the amounts amortized, the amortization period utilized, and to which FERC Accounts the amounts were amortized for each OpCo and TransCo.

Response:

See response for JI-64

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-67:

[For All OpCos and/or TransCos] For each OpCo and TransCo, please provide the following:

- a. A complete list of all transmission facilities NOT under PJM's operational control.
- b. For the facilities not under PJM's operational control, please provide all costs assigned to AEP by PJM associated with real time congestion management for these facilities.
- c. State whether any of these facilities are zonal inter-ties.
- d. Identify the Transmission Planning organization responsible for these facilities.
- e. Identify which of these facilities are operated by AEP's transmission operations control center and AEP's distribution control center.

Response:

- a. All asset costs included in the current update are under functional control of PJM.
- b. N/A
- c. N/A
- d. N/A
- e. N/A

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-69:

[For APCo] Please explain and provide a detailed listing (Excel format), including beginning and ending balances, of all items booked to Account 303 - Miscellaneous Intangible Plant, which increased from \$133,572,962 to \$167,135,098 as shown in APCo's 2018 FERC Form 1, Pages 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Pease see JI 1-69 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-70:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 350 – Land and Land Rights from \$147,531,856 to \$165,774,453 reported in APCo's 2018 FERC Form 1, Pages 206 and 207, Line 48, Columns (b) and (g), respectively.

Response:

Pease see JI 1-70 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-71:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 352 – Structures and Improvements from \$53,745,705 to \$71,955,563 reported in APCo's 2018 FERC Form 1, Pages 206 and 207, Line 49, Columns (b) and (g), respectively.

Response:

Pease see JI 1-71 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-72:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 353 – Station Equipment from \$1,366,357,856 to \$1,547,598,625 reported in APCo's 2018 FERC Form 1, Pages 206 and 207, Line 50, Columns (b) and (g), respectively.

Response:

Pease see JI 1-72 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-73:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 355 – Poles and Fixtures from \$365,254,244 to \$413,235,617 as shown in APCo's 2018 FERC Form 1, Pages 206 and 207, Line 52, Columns (b) and (g), respectively

Response:

Pease see JI 1-73 Attachment 1..

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-79:

[For APCo] Provide all available information supporting the determination of Appalachian'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:

Pease see JI 1-79 Attachment 1..

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-80:

[For APCo] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the "APCo WS E Revenue Credits" tab for Accounts 451, 454, and 456, including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the "APCo WS E Revenue Credits" tab, Column (k).

Response:

See JI Set 1-80 Attachment 1 for the workpaper supporting the transmission-related revenue credits reported on "WS E Revenue Credits" for Accounts 451, 454 and 456, for each East Operating Company. This includes a listing of each revenue amount and description of each total company revenue amount (\$) booked in 2018.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-82:

[For APCo] Please explain the reasoning to introduce Kingsport Jurisdiction and remove Tennessee Jurisdiction on the “APCo WS H Other Taxes” tab.

Response:

The use of the phrase 'Kingsport Jurisdiction' is incorrect and should say 'Tennessee Jurisdiction.' This will be corrected on the Projected and Actual formulas filed in the future updates.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-83:

[For APCo] In reference to APCo's 2018 FERC Form 1, Account 182.3 – Other Regulatory Assets, pages 232.2, Line 30, VA Transmission Rate Adjustment Clause (T-RAC), column (d), APCo charged to FERC Accounts 254 and 566, please provide the following:

- a. A detailed description of this regulatory asset.
- b. Column (e) indicates the amount that was written off to Accounts 254 and 566. Please provide a detailed tabulation by FERC account and the associated amounts that were charged.
- c. Provide the FERC docket number authorizing recovery of this regulatory asset in the transmission formula rate.
- d. If AEP is not seeking to recover the write-offs in the transmission formula rate or has not received FERC authorization, please confirm that 100% of the T-RAC expenses, revenues, etc. are not included in the formula rate and provide supporting calculations which reflect that result.

Response:

- a. This account includes amounts charged/credited for net under recovery of costs related to VA Transmission Rate Adjustment Clause (T-RAC).
- b. Please see JI-83 Attachment 1. In addition, please reference data request JI-75 for the activity recorded in 566.
- c. This regulatory asset was not recovered in the transmission formula rate.
- d. The VA Transmission Rate Adjustment Clause is not reflected in the transmission formula rate.

Preparer of Response: Diane M. Keegan

Preparer of Response: Craig M. Adelman

Preparer of Response: Jennifer C. Mohler

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-84:

[For APCo] Refer to APCo TCOS, line 119, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$108,561,322) and (\$2,672,072) respectively; and
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-84 Attachment 1 and Attachment 2
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-85:

[For APCo] Refer to APCo TCOS, line 120, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$9,335,244 and \$1,421,448 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-84 Attachment 1
- b. Please see JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-86:

[For APCo] Refer to APCo WS B-1 Actual Statement AF, please provide a detailed explanation of what this line item represents and for APCo's basis to include line 2.11 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column K and Column N for \$5,609,516 and \$697,626 respectively.

Response:

The deferred tax balance (Account 190) on Statement AG related to Provisions for Possible Revenue Refunds (Provs Poss Rev Refds) is in conjunction with various transmission revenue refund provisions recorded in Accounts 229/242/253 related to items such as the FERC 205 filing, PJM, etc. 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: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-87:

[For APCo] Refer to APCo WS B-1 Actual Statement AF, please provide the justification for netting the ADIT effects of line 9.16 - Accrued Bk Pension Costs – SFAS158 and line 9.33 REG ASSET-SFAS158 – PENSIONS to zero given that APCo has included line 17 - Prepaid Pension and excluded line 17 – Prepaid Sales Tax (the note states “Prefunded Pension Exp” and the amounts are exact offsets therefore we assume the description of this line is an error) on “WS – Working Capital,” thereby creating a mismatch in the treatment of ADIT compared to the pension expenses included in the template.

Response:

The ADIT for Accrued Bk Pension Costs - SFAS 158 and REG ASSET-SFAS 158 - PENSIONS is not based on account 1650010 or 1650014 (which is FAS158 Qualified Contra Assets and not Prepaid Sales Tax). The Schedule M and related ADIT for the two Pension related FAS158 items is based upon the activity in account 1823165 for both (one reflected as a deduction and the other as an equal and offsetting addback). The result of the Schedule M's for Pension FAS158 and related ADIT net to zero. 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.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-88:

[For APCo] Refer to APCo WS B-1 Actual Statement AF, please provide a detailed explanation for APCo's basis to include line 9.36 Reg Asset – Underrecovery-Virginia T-RAC in the 12/31/17 balance allocated to Functionalized Transmission in Column K.

Response:

Reg Asset - Under recovery-Virginia T-RAC relates to Transmission Rate Adjustment Clause applicable to Virginia jurisdictions. See JI-86 for the rationale for including ADIT in the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-89:

[For APCo] Refer to APCo WS B-1 Actual Statement AF, line 9.96 – Excess ADIT, please reconcile the amounts shown for Generation Column M - \$18,703,639, Transmission Column N - \$(18,373,794) and Distribution Column O - \$(6,200,375) to the PowerTax provision reports requested in JI-63.

Response:

Please see JI-89 Attachment 1, for a reconciliation between APCO WS B-1 Actual Statement AF. Line 9.96 and JI-63.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-91:

[For APCo] Refer to APCo WS B-2 Actual Statement AG, please provide a detailed explanation for APCo's basis to include CIAC related ADIT in the transmission formula rate for each of the following:

- a. Line 2.05 CIAC – BOOK RECEIPTS-DISTR-SV for Columns K and N in the amounts of \$133,908 and \$73,739 for 2017 and 2018 respectively;
- b. Line 2.06 CIAC – BOOK RECEIPTS-TRANS for Columns K and N in the amounts of \$337,274 and \$178,224 for 2017 and 2018 respectively; and
- c. Line 2.07 CIAC – BOOK RECEIPTS-DISTR-SW for Columns K and N in the amounts of \$100,709 and \$128,679 for 2017 and 2018 respectively.

Response:

a. through c. To the extent that OpCos and TransCos has ADIT related to Contributions in Aid of Construction (CIAC) included in the formula rate, that same ADIT credit reversal is included in the ACRS Tax Depreciation ADIT amount as the CIAC reverses through tax depreciation. Therefore, both the set up and reversal of the CIAC recorded as ADIT need to be reflected in the formula rate. The ADIT is not measured on the expense account, but measured on the balance sheet account. See JI-86, for the rationale for including ADIT in the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-92:

[For APCo] Refer to APCo WS B-2 Actual Statement AG, line 2.03 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$23,559,648 and Column N - \$16,326,026.

Response:

- a. INT EXP CAPITALIZED FOR TAX is separately identified from the AFUDC debt and equity components.
- b. Information not available in the format requested.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-93:

[For APCo] Refer to APCo WS B-2 Actual Statement AG, line 2.59 – CAPITALIZED ADVERTISING EXP-TX, please provide the following:

- a. A detailed explanation as to what this advertising ADIT represents.
- b. The justification as to why these are all transmission related.
- c. The underlying FERC accounts where the expenses related to this line item are recorded.

Response:

- a. Capitalized Advertising Expense-Tax relates to advertising expenses which were capitalized for tax purposes related to the Wyoming-Cloverdale 765kV transmission line.
- b. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is performed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department. As indicated in Part a. above, the capitalized advertising expenses for tax were specifically related to a 765kV transmission line.
- c. APCO recorded the tax expenses that are related to Capitalized Advertising Expense - Tax in Account 190 to FERC Accounts 410/411.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-94:

[For APCo] Refer to APCo WS B-2 Actual Statement AG, please provide (i) a detailed explanation as to what each line item represents, (ii) APCo'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 2.35 ACCRUED INTEREST-SHORT-TERM – FIN 48;
- b. Line 2.45 DEFD BK CONTRACT REVENUE;
- c. Line 2.61 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT; and
- d. Line 2.74 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48

Response:

Statement AG was prepared consistent with the formula rate settlement principles. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is preformed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department. The ADIT is not measured on the expense accounting, but measured on the balance sheet. See JI-86, for the rationale for including ADIT in the formula rate.

- a. Line 2.35 is short-term interest that is related to FIN48 and recorded to account 2370448.
- b. Line 2.45 is deferred revenue that is recorded in accounts 2530000 and 2530137.
- c. Line 2.61 is non deductible contribution of OPEB that is recorded to account 1650035
- d. Line 2.74 is short-term state income taxes that is reserved for FIN48 and recorded to account 2360502.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-95:

[For APCo] Refer to APCo WS C – Working Capital, please provide a detailed tabulation of the prepaid taxes that are included in line 12 -165000219 - Prepaid Taxes in the amount of \$728,126 and the justification for allocating them to “transmission plant.”

Response:

As authorized by Chapter 24, Article 3, Section 6 of the code of the State of West Virginia, we are assessed a property value fee in support of the WV Public Service Commission fee. The invoice is generated by the Public Service Commission of WV.

Preparer of Response: Daniel E. Ernst

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-96:

[For APCo] Refer to APCo WS C – Working Capital, line 18 – Prepaid Sales Taxes, please confirm that this line item was inadvertently mislabeled and represents APCo's prepaid pension SFAS158 offset. If not, please provide a detailed description of what this line item represents.

Response:

APCo WS C - Working Capital, line 18 - Prepaid Sales Taxes was inadvertently mislabeled and represents APCo Prepaid Pension SFAS 158 Offset.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-97:

[For APCo] Refer to APCo WS C – Working Capital, please provide a detailed tabulation of the prepaid taxes that are included in line 24 -1650021 - Prepaid Insurance - EIS in the amount of \$2,056,293 and the justification for allocating them to “transmission plant.”

Response:

Please see the detail in JI-97 Attachment 1. The account includes insurance policies which were allocated to APCo.

Preparer of Response: Jennifer C. Mohler

Preparer of Response: Sheila L. Balster

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-98:

[**For I&M**] Please explain and provide a detailed listing including beginning and ending balances (Excel format) of all items booked to Account 303 - Miscellaneous Intangible Plant, which increased from \$146,811,085 to \$178,132,249, as shown in I&M's 2018 FERC Form 1, Pages 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Pease see JI 1-98 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-100:

[For I&M] Please explain and provide supporting documentation for the drivers underlying the increase in Account 560 – Operation Supervision and Engineering from \$4,818,719 to \$6,780,163 as shown in I&M's 2018 FERC Form 1, Page 321, Line 83, Columns (c) and (b), respectively.

Response:

Please see JI-1 100 Attachment 1, tabs 'SCB by CC Descr' and 'by JE ID' to see variance was primarily due to increased labor and other costs (incentives, fringes) that follow labor in addition to clearing of costs for cancelled Work Orders to O&M.

Preparer of Response: Brian W. Elswick

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-104:

[**For I&M**] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 924 – Property Insurance of \$(4,010,867) in 2018 reported in I&M's 2018 FERC Form 1, Page 323, Line 185, Column (b).

Response:

Please see JI-1 104 Attachment 1, tabs "By Proj, INSNUCPRO" and 'INSNUCPRO BI' to see variance was primarily due to large insurance distribution from Nuclear Energy Insurance Limited.

Preparer of Response: Brian W. Elswick

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-105:

[For I&M] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the "I&M WS E Revenue Credits" tab for Accounts 451, 454, and 456 including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the "I & M WS E Revenue Credits" tab, Column (k).

Response:

Please see the response to JI-80 for the workpapers supporting the transmission-related revenue credits identified on "I&M WS E Revenue Credits" booked in 2018.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-107:

[For I&M] Refer to I&M TCOS, line 119, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$25,894,047) and (\$2,777,316) respectively; and
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-84 Attachment 1 and 2.
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-108:

[For I&M] Refer to I&M TCOS, line 120, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$3,038,290 and \$1,148,170 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-84 Attachment 1
- b. Please see JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-109:

[For I&M] Refer to I&M WS B-1 Actual Statement AF, please provide a detailed description and an explanation for I&M's basis to include line 5.03 FIT % RATE CHANGE – LD in the 12/31/17 balance allocated to Functionalized Transmission in Column K.

Response:

The FIT % Rate Change - LD refers to excess prior to TCJA. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is performed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department.

Statement AF was prepared consistent with the formula rate settlement principles. See JI-86, for the rationale for including ADIT in the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-110:

[**For I&M**] Refer to I&M WS B-1 Actual Statement AF, line 10.16 - SFAS 106 PST RETIREMENT EXP - NON-DEDUCT CONT, please provide (i) a detailed explanation as to what this line item represents, (ii) I&M's basis to include this 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.

Response:

See response for JI-94

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-112:

[For I&M] 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:

Statement AG was prepared consistent with the formula rate settlement principles. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is performed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department. See JI-86, for the rational included in ADIT for the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-113:

[**For I&M**] Refer to I&M WS B-2 Actual Statement AG, please provide a detailed explanation for I&M's basis to include line 2.12 PROV FOR RATE REFUND – TAX REFORM balance allocated to Functionalized Transmission in Column S for \$622,752.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-114:

[For I&M] Refer to I&M WS B-2 Actual Statement AG, Line 2.30 -BK PROV UNCOLL ACCTS, Column S in the amount of \$715, please provide (i) a detailed description of the customer(s) related to these uncollectible accounts, (ii) provide the underlying FERC accounts where the expenses associated with this ADIT is recorded and (iii) and the explanation for I&M's basis to allocate this amount to transmission.

Response:

Statement AG was prepared consistent with the formula rate settlement principles. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is performed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the Tax Department. Specifically for the BK Prov Uncoll Accts, the timing difference and related deferred taxes are based upon activity functionally recorded in Account 144 on the books of the OpCos. See JI-86, for the rationale to include ADIT in the formula rate. The ADIT is not measured on the expense account, but measured on the balance sheet account.

Preparer of Response: Michael N. Kelly

Preparer of Response: Craig M. Adelman

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-115:

[For I&M] 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:

See response for JI-94

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-116:

[**For I&M**] Refer to the tab IMC - WS P Dep. Rates, AEP filed revised depreciation rates under FERC Docket No. ER18-2277 for Indiana Michigan Power Company, however it appears that AEP did not update the footnotes to reflect the new state rate case dockets in which the depreciation rates were approved as shown in AEP's FERC filing. Please state whether AEP intends to correct the footnotes to reflect the following references:

- a. (1) As approved in Indiana Case No. 44967.
- b. (2) As approved in Michigan Case No. U-18370.

Response:

The changes as requested have already been reflected in the I&M Worksheet P Attachment 14-B of the PJM OATT on file with the FERC. These changes will be reflected in the worksheets filed in the projection for 2020.

Preparer of Response: David B. Weiss

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-119:

[For KPCo] Please explain and provide a detailed listing, including beginning and ending balances (Excel format), of all items booked to Account 303 - Miscellaneous Intangible Plant, which increased from \$28,977,242 to \$37,284,235 as shown in KPCo's 2018 FERC Form 1, Pages 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Pease see JI 1-119 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-124:

[For KPCo] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the “KPCo WS E Rev Credits” tab for Accounts 451, 454 and 456 including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the “KPCo WS E Rev Credits” tab, Column (k)

Response:

Please see the response to JI-80.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-126:

[For KPCo] Refer to KPCo TCOS, line 119, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$10,455,496) and (\$774,797) respectively; and
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-84 Attachment 1 and Attachment 2
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-127:

[For KPCo] Refer to KPCo TCOS, line 120, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$1,565,468 and \$584,685 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. Please see JI-84 Attachment 1
- b. Please see JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-128:

[For KPCo] Refer to KPCo WS B-1 Actual Statement AF, please provide a detailed description and an explanation for KPCo's basis to include line 5.02 EXCESS FIT % RATE CHANGE in the 12/31/17 balance allocated to Functionalized Transmission in Column K.

Response:

See response for JI-109

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-129:

[For KPCo] Refer to KPCo WS B-1 Actual Statement AF, please provide a detailed description and an explanation for KPCo's basis to include Line 5.15 ABFUDC-HRJ POST IN-SERVICE for Columns K and N in the amounts of \$111,082 and \$62,180 for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

ABFUDC-HRJ Post In-Service is debt related AFUDC from prior years that relates to the Hanging Rock Jefferson Transmission Project. Statement AF was prepared consistent with the formula rate settlement principles. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is performed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department. See JI-86, for the rationale included in ADIT for the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-130:

[For KPCo] Refer to KPCo WS B-1 Actual Statement AF, please provide the justification for netting the ADIT effects of line 9.11 - Accrued Bk Pension Costs – SFAS158 and line 9.20 REG ASSET-SFAS158 – PENSIONS to zero given that KPCo has included line 38 - Prepaid Pension Benefits and excluded line 39 – FAS 158 Qual Contra Asset on “WS – Working Capital,” thereby creating a mismatch in the treatment of ADIT compared to the pension expenses included in the template.

Response:

The ADIT for Accrued Bk Pension Costs - SFAS 158 and REG ASSET-SFAS 158 - PENSIONS is not based on account 1650010 or 1650014 (which is FAS158 Qualified Contra Assets and not Prepaid Sales Tax). The Schedule M and related ADIT for the two Pension related FAS158 items is based upon the activity in account 1823165 for both (one reflected as a deduction and the other as an equal and offsetting addback). The result of the Schedule M's for Pension FAS158 and related ADIT net to zero.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-132:

[For KPCo] Refer to KPCo WS B-2 Actual Statement AG, line 2.02 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$2,479,128 and Column N - \$1,643,069.

Response:

See response JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-133:

[For KPCo] Refer to KPCo WS B-2 Actual Statement AG, please provide a detailed explanation for KPCo's basis to include Line 2.03 CIAC – BOOK RECEIPTS for Columns K and N in the amounts of \$101,283 and \$64,696 for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

See response for JI-112

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-134:

[For KPCo] Refer to KPCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for KPCo's basis to include line 2.08 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column K and Column N for \$924,861 and \$127,012 respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-135:

[For KPCo] Refer to KPCo WS B-2 Actual Statement AG, please provide (i) a detailed description of each item, (ii) an explanation for KPCo'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 2.33 ACCRUED INTEREST-SHORT-TERM – FIN 48;
- b. Line 2.45 DEFD BK CONTRACT REVENUE;
- c. Line 2.50 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT;
- d. Line 2.60 ACCRD SIT TX RESERV-SHRT-TERM-FIN 48; and
- e. Line 2.67 AMT CREDIT - DEFERRED.

Response:

- a. through d. See response JI-94
- e. Line 2.67 is a tax deferred credit that does not use a FERC Account because it is derived from a tax calculation.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-137:

[For KgPCo] Please refer to the “KGPCo WS B ADIT & ITC” tab, Line 17, Account 190, Year End Utility Deferrals, balances for December 31, 2018 and 2017, please reconcile and provide an explanation as to why the amounts shown of \$1,613,333 and \$967,127 are not equivalent to the referenced FERC Form 1 amounts of \$67,543 and \$(703,417), respectively.

Response:

WS B ADIT & ITC, Line 17, Account 190 includes account 1901001 (Federal Income Tax) and account 1901002 (State Income Tax). The FERC Form 1 amount only includes account 1901001 (Federal Income Tax).

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-138:

[For KgPCo] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the "KGPCo WS E Rev Credits" tab for Accounts 454 and 456 including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the "KGPCo WS E Rev Credits" tab, Column (k).

Response:

Please see the response to JI-80.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-139:

[For KgPCo] Refer to KgPCo TCOS, line 119, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$3,121,642) and (\$70,017) respectively; and
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-140:

[For KgPCo] Refer to KgPCo TCOS, line 120, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$98,114 and \$1,236 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-141:

[For KgPCo] Refer to KgPCo WS B-1 Actual Statement AF, please provide the justification for netting the ADIT effects of line 9.02 - Accrued Bk Pension Costs – SFAS158 and line 9.05 REG ASSET-SFAS158 – PENSIONS to zero given that KgPCo has included line 35 - Prepaid Pension Benefits and excluded line 36 – FAS 158 Qual Contra Asset on “WS – Working Capital,” thereby creating a mismatch in the treatment of ADIT compared to the pension expenses included in the template.

Response:

See response for JI-130.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-143:

[For KgPCo] Refer to KgPCo WS B-2 Actual Statement AG, please provide a detailed explanation for KgPCo's basis to include Line 2.02 CIAC – BOOK RECEIPTS for Columns K and N in the amounts of \$9,955 and \$4,080 for 2017 and 2018 respectively in the “Transmission Functionalization.”

Response:

To the extent that OpCos and TransCos has ADIT related to Contributions in Aid of Construction (CIAC) included in the formula rate, that same ADIT credit reversal is included in the ACRS Tax Depreciation ADIT amount as the CIAC reverses through tax depreciation. Therefore, both the set up and reversal of the CIAC recorded as ADIT need to be reflected in the formula rate. See JI-86, for the rationale why the ADIT is included in the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-144:

[For KgPCo] Refer to KgPCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for KgPCo's basis to include line 2.04 PROVS POSS REV REFDS-A/L balance allocated to "Functionalized Transmission" in Column K and Column N for \$2,971,027 and (\$543,698) respectively.

Response:

See response for JI-86. Please note the amounts in column K and column N related to the PROVS POSS REV REFDS are \$65,337 and \$337, respectively.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-145:

[For KgPCo] Refer to KgPCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for KgPCo's basis to include line 2.12 PROV FOR RATE REFUND – TAX REFORM balance allocated to Functionalized Transmission in Column K and Column N for \$65,337 and \$337 respectively.

Response:

See response for JI-86. Please note that the amounts in column K and column N related to PROV FOR RATE REFUND - TAX REFORM are \$0 and \$202,964, respectively.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-146:

[For KgPCo] Refer to KgPCo WS B-2 Actual Statement AG, please provide (i) a detailed description of each item, (ii) explanation for KgPCo'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 2.14 ACCRUED INTEREST-SHORT-TERM – FIN 48;
- b. Line 2.21 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT; and
- c. Line 2.30 AMT CREDIT - DEFERRED.

Response:

See response JI-135

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-147:

[For KgPCo] JI-148. Refer to KgPCo WS B-2 Actual Statement AG, line 2.32 – DEFERRED SIT 1901002, please provide a detailed explanation of the drivers behind the substantial increase in the balances from \$(1,112,143) to \$1,485,164 allocated to “Functionalized Transmission” in Column K and Column N, respectively. In addition, please provide an explanation as to why there are no amounts allocated to distribution in 2018 when there was an amount of \$2,782,686 (as shown in Column L) recorded in 2017.

Response:

Total Kingsport Power Company's NOL Carryforward decreased in 2018 by \$124,754. Also in 2018, the NOL Carryforward relates to TN and was deemed to be all transmission related.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-149:

[For OPCo] Please explain and provide a detailed listing, including beginning and ending balances (Excel format), of all items booked to Account 303 - Miscellaneous Intangible Plant, which increased from \$138,197,704 to \$159,655,286 as shown in OPCo's 2018 FERC Form 1, Pages 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Pease see JI 1-149 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-151:

[For OPCo] JI-152. Reference OPCo's 2018 FERC Form 1, Account 182.3 – Other Regulatory Assets, page 232.2, Line No. 40, Under-Recovery Ohio Basis Transmission Costs, column (d), account charged 5660

- a. A detailed description of this regulatory asset.
- b. Provide the FERC docket number authorizing recovery of this regulatory asset in the transmission formula rate.
- c. If AEP is not seeking to recover the write-offs in the transmission formula rate or has not received FERC authorization, please confirm that 100% of the Under-Recovery Ohio Basis Transmission Costs expenses, revenues etc. are not included in the formula rate and provide supporting calculations which reflect that result.

Response:

- A. This regulatory asset is the under-recovery balance of Ohio Power's BTCR, a retail transmission tracker.
- B. Ohio Power is not seeking to recover this regulatory asset, thus it has not requested FERC authorization for recovery.
- C. As shown on line 55 of the Transmission Cost of Service tab, Ohio Power did not include any regulatory assets in rate base. The corresponding BTCR expense have been removed from the cost of service and been reflected under "Regulatory O&M Deferrals & Amortizations" on Ohio Power's worksheet F.

Preparer of Response: Christopher K. Duffy

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-156:

[For OPCo] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the "OPCo WS E Rev Credits" tab for Accounts 451, 454, and 456 including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the "WS E Rev Credits" tab, Column (k).

Response:

Please see the response to JI-80.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-160:

[For OPCo] Refer to OPCo TCOS, line 119, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$50,987,837) and (\$6,010,036) respectively; and
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-161:

[For OPCo] Refer to OPCo TCOS, line 120, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$2,398,403 and \$1,697,059 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-162:

[For OPCo] Refer to OPCo WS B-1 Actual Statement AF, please provide a detailed description and an explanation for OPCo's basis to include line 5.01 EXCESS FIT % RATE CHANGE in the 12/31/17 balance allocated to Functionalized Transmission in Column K.

Response:

See response for JI-109

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-163:

[For OPCo] Refer to OPCo WS B-1 Actual Statement AF, please provide a detailed description and an explanation for OPCo's basis to include Line 5.14 ABFUDC-C&SOE GROSS METHOD for Columns K and N in the amounts of \$1,622,810 and \$917,584 for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

ABFUDC-C&SOE Gross Method is Columbus and Southern debt related AFUDC from prior years that was transferred from Columbus Southern Power to Ohio Power upon the merger of the two companies. Statement AF was prepared consistent with the formula rate settlement principles. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is performed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-164:

[For OPCo] Refer to OPCo WS B-1 Actual Statement AF, please provide a detailed description and an explanation for OPCo's basis to include Line 9.16 DEFERRED INTERCOMPANY TAX G/L for Columns K and N in the amounts of (\$264,460) and (\$167,086) for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

See response for JI-112

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-165:

[For OPCo] Refer to OPCo WS B-1 Actual Statement AF, please provide the justification for netting the ADIT effects of line 9.20 - Accrued Bk Pension Costs – SFAS158 and line 9.41 REG ASSET-SFAS158 – PENSIONS to zero given that OPCo has included line 16 - Prepaid Pension Benefits and excluded line 19 – FAS 158 Qual Contra Asset on “WS – Working Capital,” thereby creating a mismatch in the treatment of ADIT compared to the pension expenses included in the template.

Response:

See response JI-130.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-166:

[For OPCo] Refer to OPCo WS B-1 Actual Statement AF, line 9.79 – SFAS 106 PST RETIREMENT EXP – NON-DEDUCT CONT, please provide (i) a detailed description of what this item represents, (ii) an explanation for OPCo's basis to this 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.

Response:

See response JI-94

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-168:

[For OPCo] JI-169. Refer to OPCo WS B-2 Actual Statement AG, line 2.04 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$13,698,358 and Column N - \$9,065,810.

Response:

See Response for JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-169:

[For OPCo] Refer to OPCo WS B-2 Actual Statement AG, please provide a detailed explanation for OPCo's basis to include Line 2.05 CIAC – BOOK RECEIPTS for Columns K and N in the amounts of \$2,296,092 and \$1,141,882 for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

See response for JI-112

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-170:

[For OPCo] Refer to OPCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for OPCo's basis to include line 2.08 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column K and Column N for \$4,431,527 and \$534,149 respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-171:

[For OPCo] Refer to OPCo WS B-2 Actual Statement AG, Line 2.23 -BK PROV UNCOLL ACCTS, Column N in the amount of \$1,050, please provide (i) a detailed description of the customer(s) related to these uncollectible accounts, (ii) provide the underlying FERC accounts where the expenses associated with this ADIT is recorded and (iii) the explanation for OPCo's basis to allocate this amount to transmission.

Response:

See response for JI-114

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-172:

[For OPCo] JI-173. Refer to OPCo WS B-2 Actual Statement AG, please provide (i) a detailed description of each item, (ii) an explanation for OPCo'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 2.47 ACCRUED INTEREST-SHORT-TERM – FIN 48;
- b. Line 2.60 DEFD BK CONTRACT REVENUE;
- c. Line 2.72 DEFD REV-BONUS LEASE SHORT-TERM;
- d. Line 2.73 DEFD REV-BONUS LEASE LONG-TERM;
- e. Line 2.90 ACCRD SIT TX RESERV-SHRT-TERM-FIN 48; and
- f. Line 3.00 AMT CREDIT - DEFERRED.

Response:

- a., b. and e. See response JI-94
- c. and d. Line 2.72 and 2.73 relates to the current portion of oil and gas bonus payments (deferred revenue) which is amortized over the length of the lease. The payments and amortization are recoded to accounts 2530177 and 2530178. The ADIT is not measured on the expense account but measured on the balance sheet account.
- f. See response JI-135

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-173:

[For WPCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 352 – Structures and Improvements from \$839,944 to \$2,198,583 reported in WPCo's 2018 FERC Form 1, Pages 206 and 207, Line 49, Columns (b) and (g), respectively.

Response:

Pease see JI 1-173 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Preparer of Response: Angela R. Herzog

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-175:

[For WPCo] Please refer to the "WPCo WS B ADIT & ITC" tab, Line 7, Account 282, Year End Utility Deferrals, please reconcile and provide an explanation as to why the amount shown of \$148,758,032 is not equivalent to the referenced FERC Form 1 amount of \$147,831,412.

Response:

See response JI-137

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-176:

[For WPCo] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the “WPCo WS E Rev Credits” tab for Accounts 454 and 456 including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each Account shown on the “WPCo WS E Rev Credits” tab, Column (k).

Response:

Please see the response to JI-80 for workpaper supporting transmission-related revenue credits identified on WPCo WS E Rev Credits for 2018 and the derivation of the transmission-related amounts for each account shown on WPCo WS E Rev Credits Column (k).

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-178:

[For WPCo] Refer to WPCo TCOS, line 119, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$16,504,093) and (\$48,507) respectively; and – PROV WORKER'S COMP
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-179:

[For WPCo] Refer to WPCo TCOS, line 120, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$557,938 and \$49,495 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-180:

[For WPCo] Refer to WPCo WS B-1 Actual Statement AF, please provide the justification for netting the ADIT effects of line 9.02 - Accrued Bk Pension Costs – SFAS158 and line 9.16 REG ASSET-SFAS158 – PENSIONS to zero given that OPCo has included line 14 - Prepaid Pension Benefits and excluded line 15 – FAS 158 Qual Contra Asset on “WS – Working Capital,” thereby creating a mismatch in the treatment of ADIT compared to the pension expenses included in the template.

Response:

See response JI-87

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-182:

[For WPCo] Refer to WPCo WS B-2 Actual Statement AG, line 2.03 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$294,574 and Column N - \$183,542.

Response:

See response for JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-183:

[For WPCo] Refer to WPCo WS B-2 Actual Statement AG, please provide a detailed explanation for WPCo's basis to include Line 2.04 CIAC – BOOK RECEIPTS for Columns K and N in the amounts of \$473,246 and \$253,232 for 2017 and 2018 respectively in the Transmission Functionalization.

Response:

See response for JI-112

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-184:

[For WPCo] Refer to WPCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for WPCo's basis to include line 2.07 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column K and Column N for \$482,439 and \$78,431 respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-185:

[For WPCo] JI-186. Refer to WPCo WS B-2 Actual Statement AG, please provide (i) a detailed description of each line item, (ii) explanation for WPCo'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 2.19 ACCRUED INTEREST-SHORT-TERM – FIN 48;
- b. Line 2.31 SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT;
- c. Line 2.39 ACCRD SIT TX RESERVE-SHRT-TERM-FIN 48; and
- d. Line 2.43 AMT CREDIT - DEFERRED.

Response:

See response JI-135

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-186:

[For IMTCo] Please explain and provide a detailed listing, including beginning and ending balances (Excel format), of all items booked to Account 303 - Miscellaneous Intangible Plant, which increased from \$10,274,641 to \$14,604,921 as shown in IM TransCo's 2018 FERC Form 1, Pages 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Pease see JI 1-186 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-187:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 352 – Structures and Improvements from \$11,301,060 to \$22,322,251 as shown in IM TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 49, Columns (b) and (g), respectively.

Response:

Pease see JI 1-187 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-188:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 353 – Station Equipment from \$819,666,519 to \$1,019,919,408 as shown in IM TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 50, Columns (b) and (g), respectively.

Response:

Pease see JI 1-188 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-189:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 355 – Poles and Fixtures from \$303,666,461 to \$438,310,431 as shown in IM TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 52, Columns (b) and (g), respectively.

Response:

Pease see JI 1-189 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-195:

[For IMTCo] Refer to the "Indiana Michigan Transmission WS B ADIT & ITC" tab, Line 12, Account 283, Year End Utility Deferrals, please reconcile and provide an explanation as to why the amount shown of \$15,419,189 is not equivalent to the referenced FERC Form 1 amount of \$(8,666,176). Please also explain why it appears the State Income Tax amount of \$24,085,365 was not included in the FERC Form 1 amount.

Response:

See response JI-137

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-196:

[For IMTCo] Refer to IM TransCo TCOS, line 102, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$625,612 and \$614,181 respectively;
- b. Confirm that these input amounts should have been input as “negatives” and not “positives.” If not, please provide a detailed explanation for the amounts being “positive”; and
- c. c. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84. Please note the amount in Column (5) Total Transmission is \$624,733, instead of \$614,181.
- b. The Excess Deferred Income Tax was entered correctly, because the unprotected excess ADIT was a debit balance.
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-197:

[For IMTCo] Refer to IM TransCo TCOS, line 103, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$428,400 and \$420,572 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1. Please note the amount in Column (5) Total Transmission is \$427,798 instead of \$420,572.
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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FERC Docket No ER17-405 ER17-406**

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-198:

[For IMTCo] Refer to IM TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of IM TransCo's Line 9.03 EXCESS ADFIT - UNPROTECTED amount for N in the amount of (\$8,666,176) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachment 10 to the response.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-200:

[For IMTCo] Refer to IM TransCo WS B-2 Actual Statement AG, please provide a detailed explanation for IM TransCo's basis to include Line 2.03 CIAC – BOOK RECEIPTS for Column N in the amount of \$763,869 for 2018 in the Transmission Formula rates.

Response:

See response for JI-91

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-201:

[For IMTCo] Refer to IM TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for IM TransCo's basis to include line 2.04 PROVS POSS REV REFDS balances allocated to Functionalized Transmission in Columns K and N in the amounts of \$2,917,065 and (\$107,120) for 2017 and 2018 respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-202:

[For OHTCo] Please explain and provide a detailed listing, including beginning and ending balances (Excel format), of all items booked to Account 303 - Miscellaneous Intangible Plant, which increased from \$20,053,051 to \$24,721,160 as shown in OH TransCo's 2018 FERC Form 1, Pages 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Pease see JI 1-202 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-203:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 350 – Land and Land Rights from \$47,154,411 to \$63,739,784 as shown in OH TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 48, Columns (b) and (g), respectively.

Response:

Please reference support for explanation.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-204:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 352 – Structures and Improvements from \$20,730,965 to \$49,157,972 as shown in OH TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 49, Columns (b) and (g), respectively.

Response:

Please reference support for explanation.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-205:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 353 – Station Equipment from \$1,189,237,598 to \$1,369,389,241 as shown in OH TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 50, Columns (b) and (g), respectively.

Response:

Please reference support for explanation.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-206:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 355 – Poles and Fixtures from \$532,485,308 to \$751,616,452 as shown in OH TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 52, Columns (b) and (g), respectively.

Response:

Please reference support for explanation.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-212:

[For OHTCo] Refer to OH TransCo TCOS, line 102, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$151,852 and \$151,852 respectively;
- b. Confirm that these input amounts should have been input as “negatives” and not “positives.” If not, please provide a detailed explanation for the amounts being “positive”; and
- c. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. The Excess Deferred Income Tax was presented correctly, because the Excess ADIT was a debt balance.
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-213:

[For OHTCo] Refer to OH TransCo TCOS, line 103, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$468,510 and \$468,510 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-214:

[For OHTCo] Refer to OH TransCo WS B-1 Actual Statement AF, line 5.05 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$(23,310,815) and Column N - \$(18,637,011).

Response:

See response for JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-215:

[For OHTCo] Refer to OH TransCo WS B-1 Actual Statement AF, please provide a detailed explanation for OH TransCo's basis to include Line 5.06 CIAC – BOOK RECEIPTS balances for Columns K and N in the amounts of (\$3,123,168) and (\$2,134,743) for 2017 and 2018 respectively in the Transmission Formula rates.

Response:

See response for JI-91

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-216:

[For OHTCo] Refer to OH TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of OH TransCo's Line 9.05 EXCESS ADFIT - UNPROTECTED amount for N in the amount of (\$3,31,445) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachment 10 to the response.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-218:

[For OHTCo] Refer to OH TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for OH TransCo's basis to include line 2.04 PROVS POSS REV REFDS balances allocated to Functionalized Transmission in Columns K and N in the amounts of \$5,088,845 and \$264,859 for 2017 and 2018 respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-219:

[For OHTCo] Refer to OH TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for OH TransCo's basis to include Line 2.08 AMT CREDIT – DEFERRED ADIT allocated to Functionalized Transmission in Column K in the amount of \$177,825 for 2017 in the transmission formula rate.

Response:

AMT Credit - Deferred ADIT is a tax deferred credit that does not use a FERC Account because it is derived from a tax calculation. Statement AG was prepared consistent with the formula rate settlement principles. The functionalization of deferred tax balances is based on the functionalization of the book balances and accounting functionalization treatment. This functionalization is preformed at the time the book entry is recognized and the functional deferred tax balances are tracked in software used by the tax department. See JI-86, for the rationale for including ADIT in the formula rate.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-220:

[For OHTCo] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the "OH Transmission WS E Rev Credits" tab for Account 454, including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the "WS E Rev Credits" tab, Column (k).

Response:

See attachment JI-220 for workpaper supporting transmission-related revenue credits identified on the "OH Transmission WS E Rev Credits" tab for Account 454. Because OHTCo is a company that only provides transmission services, all of these revenue credits reported in account 454 are allocated as an offset to the formula. The Company cannot find an Column (k) on the W/S (E) referenced in the question.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-222:

[For WVTCO] Please explain and provide supporting documentation for the increase in Account 303 – Miscellaneous Intangible Plant from \$6,120,271 to \$9,171,969 as shown in WV TransCo's 2018 FERC Form 1, Page 204 and 205, Line 4, Columns (b) and (g), respectively.

Response:

Please see JI 1-222 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

**PJM Formula Rates True-up for 2018 Filed in 2019
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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-223:

[For WVTCO] Please explain and provide supporting documentation for the increase in Account 350 – Land and Land Rights from \$6,154,658 to \$9,205,000 as shown in WV TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 48, Columns (b) and (g), respectively.

Response:

Please see JI 1-223 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-224:

[For WVTCo] Please explain and provide supporting documentation for the increase in Account 352 – Structures and Improvements from \$16,156,517 to \$26,821,527 as shown in WV TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 49, Columns (b) and (g), respectively.

Response:

Pease see JI 1-224 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-225:

[For WVTCO] Please explain and provide supporting documentation for the increase in Account 353 – Station Equipment from \$461,362,718 to \$517,842,202 as shown in WV TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 50, Columns (b) and (g), respectively.

Response:

Pease see JI 1-225 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-226:

[For WVTCO] Please explain and provide supporting documentation for the increase in Account 354 – Towers and Fixtures from \$113,439,943 to \$144,575,730 as shown in WV TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 51, Columns (b) and (g), respectively.

Response:

Please see JI 1-226 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-227:

[For WVTCO] Please explain and provide supporting documentation for the increase in Account 355 – Poles and Fixtures from \$67,248,067 to \$78,537,412 as shown in WV TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 52, Columns (b) and (g), respectively.

Response:

Please see JI 1-227 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-228:

[For WVTCo] Please explain and provide supporting documentation for the increase in Account 356 – Overhead Conductors and Devices from \$102,437,593 to \$125,243,739 as shown in WV TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 53, Columns (b) and (g), respectively.

Response:

Pease see JI 1-228 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-229:

[For WVTCO] Please refer to WV TransCo's 2018 FERC Form 1, Page 219, Note 450.1, Line 16 - Other Debit or Cr. Items (Describe, details in footnote), Column: c, which states the "Accumulated depreciation related to transmission assets acquired from Century Aluminum." AEP describes the transmission facilities owned by Century Aluminum, provided in a PJM Subregional RTEP Committee presentation, as "The transmission lines owned by Century Aluminum serve two other customers. In order to maintain service to these customers, it is necessary to purchase these transmission facilities." (see slide 66 April 21, 2017 presentation available at <https://www.pjm.com/-/media/committees-groups/committees/srrtep-w/20170421/20170421-reliability-analysis-update.ashx> Please provide the following:

- a. State the date these transmission assets were acquired from Century Aluminum.
- b. What was the acquisition cost?
- c. State which customers these transmission facilities provide service for.

Response:

- a. April, 2017
- b. \$4,526,496
- c. The facilities serve transmission customers in the AEP Zone under the PJM OATT, including the customers identified in the referenced presentation.

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Laurie M. Spears

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-234:

[For WVTCo] Refer to WV TransCo TCOS, line 102, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$407,817 and \$407,817 respectively;
- b. Confirm that these input amounts should have been input as “negatives” and not “positives.” If not, please provide a detailed explanation for the amounts being “positive”; and
- c. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. The Excess Deferred Income Tax was presented correctly, because the Unprotected Excess ADIT was a debit balance.
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-235:

[For WVTCO] Refer to WV TransCo TCOS, line 103, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$90,930 and \$90,930 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-236:

[For WVTCo] Refer to WV TransCo WS B-1 Actual Statement AF, line 5.05 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$(5,530,219) and Column N - \$(5,811,906).

Response:

See response for JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-237:

[For WVTCO] Refer to WV TransCo WS B-1 Actual Statement AF, please provide a detailed explanation for OH TransCo's basis to include Line 5.06 CIAC – BOOK RECEIPTS balances for Columns K and N in the amounts of (\$26,520) and (\$194,250) for 2017 and 2018 respectively in the Transmission Formula rates.

Response:

See response for JI-91. Please note that the balance amount in Column K is (\$26,250) instead of (\$26,520).

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-238:

[For WVTCo] Refer to WV TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of WV TransCo's Line 9.04 EXCESS ADFIT - UNPROTECTED amount for N in the amount of (\$5,515,690) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachment 10 to the response.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-240:

[For WVTCo] Refer to WV TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for WV TransCo's basis to include line 2.03 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column K in the amount of \$1,742,709 for 2017 in the transmission formula rate.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-241:

[For WVTCO] Refer to WV TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for WV TransCo's basis to include Line 2.07 AMT CREDIT – DEFERRED ADIT allocated to Functionalized Transmission in Column K in the amount of \$1,702 for 2017 in the transmission formula rate.

Response:

See response JI-219

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-242:

[For WVTCO] Please provide the derivation of and any workpapers supporting the transmission-related revenue credits identified on the "WV Transmission WS E Revenue Credits" tab for Account 454, including a listing of each revenue amount and a description of each total company revenue amount (\$) booked in 2018. Also, please explain the derivation of the transmission-related amounts for each account shown on the "WV Transmission WS E Revenue Credits" tab, Column (k).

Response:

See attachment JI-220 for the workpaper supporting transmission-related revenue credits identified on the "WV Transmission WS E Rev Credits" tab for Account 454. Because WVTCO is a company that only provides transmission services, all of these revenue credits reported in account 454 are allocated as an offset to the formula.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-243:

[For WVTCo] Refer to the "WV Transmission WS E Rev Credits" tab, Line 5 – Account 456 – Other Electric Revenues, please provide a listing and description of each revenue amount (\$) booked in 2018.

Response:

Please see the response to JI-220 for the WV Transmission WS E Rev Credits and the description of each revenue amount booked in 2018.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-244:

[For KYTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 353 – Station Equipment from \$78,548,704 to \$105,351,606 as shown in KY TransCo's 2018 FERC Form 1, Pages 206 and 207, Line 50, Columns (b) and (g), respectively.

Response:

Pease see JI 1-244 Attachment 1.

Preparer of Response: Thomas J. Sulhan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-245:

[For KYTCo] Refer to the "Kentucky Transmission WS B ADIT & ITC" tab, Line 17, Account 190, Year End Utility Deferrals, please reconcile and provide an explanation as to why the amount shown of \$304,509 is not equivalent to the referenced FERC Form 1 amount of \$279,372.

Response:

See response JI-137

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-246:

[For KYTCo] Refer to the “Kentucky Transmission WS E Rev Credits” tab, Line 5 – Account 456 – Other Electric Revenues, please provide a listing and description of each revenue amount (\$) booked in 2018.

Response:

Please see the response to JI-220 for the Kentucky Transmission WS E Rev Credits, Line 5 - Account 456 - Other Electric Revenues and a listing and description of each revenue amount booked in 2018.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-247:

[For KYTCo] Refer to KY TransCo TCOS, line 102, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$3,963 and \$3,963 respectively;
- b. Confirm that these input amounts should have been input as “negatives” and not “positives.” If not, please provide a detailed explanation for the amounts being “positive”; and
- c. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. The Excess Deferred Income Tax was presented correctly, because the Unprotected Excess ADIT was a debit balance.
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-248:

[For KYTCo] Refer to KY TransCo TCOS, line 103, Tax Effect of Permanent and Flow-Through Differences; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of \$12,626 and \$12,626 respectively;
- b. A detailed listing of the individual items that compose the amounts in Columns (3) and (5), including each individual item's amount; and
- c. Confirm that these amounts are the actual 2018 amortization of the Tax Effect of Permanent and Flow-Through Differences. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84 Attachment 1
- b. See JI-84 Attachment 2
- c. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-249:

[For KYTCo] Refer to KY TransCo WS B-1 Actual Statement AF, line 5.04 – INT EXP CAPITALIZED FOR TAX, please provide the following:

- a. State whether this is the associated ADIT for the underlying items of the debt and equity components of AFUDC.
- b. Provide a detailed tabulation of the associated amounts related to (i) debt, (ii) equity and (iii) short-term included in Column K - \$(544,044) and Column N - \$(501,468).

Response:

See Response for JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-250:

[For KYTCo] Refer to KY TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of KY TransCo's Line 9.03 EXCESS ADFIT - UNPROTECTED amount for N in the amount of (\$236,120) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachment 10 to the response.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-252:

[For KYTCo] Refer to KY TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for KY TransCo's basis to include line 2.03 PROVS POSS REV REFDS balances allocated to Functionalized Transmission in Columns K and N in the amounts of \$213,802 and (\$14,853) for 2017 and 2018 respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-253:

[For KYTCo] Refer to KY TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for KY TransCo's basis to include Line 2.06 AMT CREDIT – DEFERRED ADIT allocated to Functionalized Transmission in Column K in the amount of \$593 for 2017 in the transmission formula rate.

Response:

See response JI-219

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-254:

[For KYTCo] Refer to the tab WS P Dep. Rates, AEP filed revised depreciation rates under FERC Docket No. ER18-2277 for AEP Kentucky Transmission Company, however it appears that AEP did not update the rate for Row 17 – Account 350.1 Land Rights to reflect 1.44% in accordance with its FERC filing. Please state whether AEP intends to correct the rate in the template.

Response:

AEP agrees that Worksheet P for AEP Kentucky Transmission Company's working version of the formula template should reflect a depreciation rate 1.44% for plant account 350.1, and will correct this in the next update filing. Please note that the rate is properly presented in the corresponding page for Worksheet P found in Attachment H-20B of the PJM OATT.

Preparer of Response: David B. Weiss

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-256:

[For APTCo] Refer to AP TransCo TCOS, line 102, Excess Deferred Income Tax; please provide:

- a. Copies of all the supporting calculations for the amounts in Column (3) TO Total and Column (5) Total Transmission of (\$706) and (\$706) respectively; and
- b. Confirm that these amounts are the actual 2018 amortization of the Excess Deferred Income Taxes. If not, please provide a detailed explanation of what year it represents.

Response:

- a. See JI-84
- b. Confirmed

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-257:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description AP TransCo's Line 5.03 ABFUDC amounts for Columns K and N in the amounts of \$21,871 and \$109,517 for 2017 and 2018 respectively; and
- b. Copies of all supporting calculations for the amounts in Columns K and N.

Response:

- a. ABFUDC is based on general ledger account activity recorded in account 432.
- b. N/A

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-258:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of AP TransCo's Line 5.04 INT EXP CAPITALIZED FOR TAX amount for Column N in the amount of (\$202,154) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

See response for JI-92

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-259:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of AP TransCo's Line 5.08 EXCESS ADFIT - PROTECTED amount for Column N in the amount of (\$10,673) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachments 3 and 10 to the response.
- c. N/A

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-260:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of AP TransCo's Line 5.09 EXCESS ADFIT - UNPROTECTED amount for Column N in the amount of \$8,689 for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachment 10

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-261:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of AP TransCo's Line 9.01 NOL STATE CARRYFORWARD amounts for Columns K and N in the amounts of \$24,361 and \$11,179 for 2017 and 2018 respectively; and
- b. Copies of all supporting calculations for the amounts in Columns K and N.

Response:

- a. NOL State Carryforward ADIT amount is the deferred federal income tax offset to the NOL for the state carryforward.
- b. N/A

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-262:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of AP TransCo's Line 9.02 NOL STATE CARRYFORWARD – VALUATION ALLOWANCE amounts for Columns K and N in the amounts of (\$18,473) and (\$11,155) for 2017 and 2018 respectively; and
- b. Copies of all supporting calculations for the amounts in Columns K and N.

Response:

- a. The NOL STATE CARRYFORWARD – VALUATION ALLOWANCE recorded in Account 283 was based on assessment of all the positive and negative evidence associated with the NOL State Carryforward and, in the company's opinion, a valuation allowance should be recorded.
- b. N/A

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-263:

[For APTCo] Refer to AP TransCo WS B-1 Actual Statement AF, please provide:

- a. A detailed description of AP TransCo's Line 9.03 EXCESS ADFIT - UNPROTECTED amount for N in the amount of (\$7,190) for 2018; and
- b. Copies of all supporting calculations for the amount in Column N.

Response:

- a. and b. See response to JI-64, including Attachment 10

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-265:

[For APTCo] Refer to AP TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for AP TransCo's basis to include line 2.03 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column K in the amount of \$2,005.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-266:

[For APTCo] Refer to AP TransCo WS B-2 Actual Statement AG, please provide a detailed description and an explanation for AP TransCo's basis to include Line 2.07 AMT CREDIT – DEFERRED ADIT allocated to Functionalized Transmission in Column K in the amount of \$1,765 for 2017 in the transmission formula rate.

Response:

See response JI-219

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-267:

[For APTCo] Refer to the “AP Transmission WS E Rev Credits” tab, Line 5 – Account 456 – Other Electric Revenues, please provide a listing and description of each revenue amount (\$) booked in 2018.

Response:

Please see response to JI-220 for the “AP Transmission WS E Rev Credits” tab, Line 5 – Account 456 – Other Electric Revenues and listing and description of each revenue amount (\$) booked in 2018.

Preparer of Response: Diane M. Keegan

Date: 8/27/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-3:

[In General] Please identify and quantify any full or partial write-offs that were booked to the transmission O&M accounts or A&G accounts of each of the OpCos and TransCos during 2018.

Response:

See JI-3 Attachment 1 for the requested information.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Sandra L. Vargo

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-4:

[In General] For each OpCo, please provide the amounts associated with safety-related and educational advertisements, FERC Assessment Fees and Annual charges, state retail rate proceedings and other similar charges by FERC Account(s).

Response:

Costs related to safety and educational advertisements are recorded in account 930.1, which is not allocated to the transmission function in the formula. FERC assessment fees are incurred as assessments in the PJM bill and recorded as Regional Market Expense Activity (accounts that are not recovered in these formulas), or as incurred by shareholders as a debit offset to revenues. Costs that are requested for recovery relate to transmission rate activity and are reported in FERC account 9280005, the details of which are provided in the Company's response to JI Set 1-59.

Preparer of Response: Craig M. Adelman

Preparer of Response: Sandra L. Vargo

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-5:

[In General] Please indicate whether any "Goodwill" or similar item of intangible value is reflected in any of the OpCo or TransCo capital structures as of December 31, 2018. If so, please identify the relevant entity or entities, the basis for the goodwill or other intangible value reflected, and the amounts reflected.

Response:

No goodwill was included in any of the December 31, 2018 capital structures provided in the OpCo or TransCo formula rates.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-6:

[In General] Please identify all charitable donation expenditures incurred during 2018 and included in each OpCo and TransCo formula rate update effective July 1, 2019. This identification should include, but not be limited to:

- a. Identification of the organization for which the expenditure or donation was made;
- b. Identification of each amount during 2017;
- c. Identification of the FERC Account where the expenditure or donation was recorded and identify the associated OpCo or TransCo that recorded the cost;
- d. Identification of all expenditures incurred in 2018 that would not have been incurred but for the charitable expenditure or donation, including the details on these expenditures requested in items a. through c. above; and
- e. If there were no charitable donation expenditures incurred during 2018 that have been included in any of the OpCo and/or TransCo formula rate updates effective July 1, 2019, then please identify the FERC Account(s) where such expenses were booked and their associated amounts.e. If there were no lobbying and other civic, political and related activities expenditures incurred during 2018 that have been included in any of the OpCo and/or TransCo formula rate updates effective July 1, 2019, then please identify the FERC Account(s) where such expenses were booked and their associated amounts.

Response:

Please see JI-1 006 Attachment 1, 'Pivot' tab for the listing of each OPCO's and Transco's invoice payments in 2018 for the items listed in question 6. See JI-006 Attachment 2, 'Non AP Pivot' tab for all non Accounts Payable corporate contributions of each OPCO and Transco, and the 'SCB Pivot' tab for detailed Service Corp activity billed to the OPCO's and Transco's related to corporate contributions.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-7:

[In General] Please identify all expenditures for lobbying and other civic, political and related activities incurred during 2018 and included in each OpCo and TransCo formula rate update effective July 1, 2019. This identification should include, but not be limited to:

- a. Identification of the organization for which the expenditure was made;
- b. Identification of each amount during 2018;
- c. Identification of the FERC Account where the donation was recorded and identify the associated OpCo or TransCo that recorded the cost;
- d. Identification of all related expenditures incurred in 2018 that would not have been incurred but for the expenditure for civic, political and lobbying activities, including the details on these expenditures requested in items a. through c. above; and
- e. If there were no lobbying and other civic, political and related activities expenditures incurred during 2018 that have been included in any of the OpCo and/or TransCo formula rate updates effective July 1, 2019, then please identify the FERC Account(s) where such expenses were booked and their associated amounts.

Response:

Please see JI-1 007 Attachment 1, 'Acct 4264 Pivot' tab for the listing of each OPCO's and Transco's expenditures in 2018 for the items listed in question 7. 'SCB Acct 4264 Pivot' tab shows more detail of the Service Corp activity billed to OPCO's and Transco's in the Civic and Political Activity Account 4264. 'SCB Pivot ABM 289' tab shows more detail of the Service Corp activity billed to OPCO's and Transco's related to lobbying.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-8:

[In General] Please state whether any allowances for Asset Retirement Obligations ("AROs") are included in the 2018 ATRRs of any OpCo or TransCo. If so, please identify the relevant entity or entities, the basis for including the ARO(s) in question, the schedules and lines in which the ARO(s) are included, and the ARO amounts included in each.

Response:

Allowances for Asset Retirement Obligations ("AROs") are not included in the 2018 ATRR for any OPCo nor Transco.

Preparer of Response: Diane M. Keegan

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-10:

[In General] State whether AEP incurred or paid any monetary penalties for violations of NERC Reliability Standards during 2017. If so, please respond to the following:

- a. the amount of the penalties;
- b. the FERC accounts where such penalties were recorded;
- c. the nature of the alleged violation that gave rise to the penalty; and
- d. the amount of the penalties included in each OpCo and/or TransCo formula rate updates.

In responding to this request, please use the same response format as AEP used in answering the Joint Customers' data requests concerning the updates posted in May 2017

Response:

- a. The amount of penalties paid in 2018 was \$250,000.
- b. Two payments were recorded: \$225,000 and \$25,000 to FERC account 4263003.
- c. The nature of the violations are as follows:
 1. TRE FAC-008 violation
Inaccurate Facility Rating resulted from inconsistent with the AEP Facility Rating process (2016 TRE Audit finding)
\$225,000 in TRE
 2. RF & SPP PRC-005 violation
Station equipment missed the routine maintenance testing internal requirements
\$25,000 in RF and SPP
- d. None of the penalties are included in the OpCo or TransCo rate updates.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: Craig M. Adelman

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-14:

[In General] Please provide a copy of the most recently completed audit of each OpCo conducted by or on behalf of:

- a. FERC;
- b. any state regulatory commission; and
- c. any other entity with authority to conduct such audits. Please provide all correspondence and other documentation related to any such audit commenced but not yet completed, including any audit commenced at any point during the review period applicable to the 2019 Updates.

Response:

AEP has engaged Price Waterhouse Coopers to audit the OpCos' GAAP financial statements for inclusion in AEP's SEC Form 10-K and the FERC financial statements for inclusion in the FERC Form 1. These opinions can be found in the financial statements and regulatory reports posted on AEP.com

- a. The FERC is in the process of finalizing an audit of the Ohio Power Company. The final audit report not been issued as of the date this discovery was prepared. The commencement letter was provided in last year's response to JI 1-17 as Attachment 4.
- b. The Public Utilities Commission of Ohio conducted a review of Ohio Power's January 14, 2019 application to updated it's Basic Transmission Cost Rider rates. See JI - 014 Attachment 1 for the PUCO's review and recommendations.
- c. Other than the above mentioned audits/reviews, there were no other audits performed by a regulatory agency of the east operating companies in 2018.

Preparer of Response: Craig M. Adelman

Preparer of Response: David B. Weiss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-15:

[In General] Please provide a copy of the most recently completed audit of each **TransCo** conducted by or on behalf of:

- a. FERC; and
- b. any other entity with authority to conduct such audits. Please provide all correspondence and other documentation related to any such audit commenced but not yet completed, including any audit commenced at any point during the review period applicable to the 2019 Updates.

Response:

- a. None of the AEP TransCo's have been subject to a FERC audit.
- b. AEP has engaged Price Waterhouse Coopers to audit the consolidated Transco's GAAP financial statements for inclusion in AEP's SEC Form 10-K and the FERC financial statements for inclusion in the FERC Form 1. These opinions can be found in the financial statements and regulatory reports posted on AEP.com

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: David B. Weiss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-22:

[In General] Please describe how AEP handles scrap value for any assets retired (i.e., record any revenue to Account 454/456, or include it as an offset in Retirement Work in Process – tied to a specific asset). In addition, please verify whether these revenues are included as a reduction to rates.

Response:

The Company follows FERC Electric Plant Accounting Instruction number 10 "Additions and Retirements of Plant" when accounting for the value that is received for the scrap of its assets (i.e. gross salvage). FERC's instruction requires that gross salvage be credited to accumulated depreciation, or FERC account 108.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-27:

[For All OpCos and/or TransCos] For each OpCo and each TransCo, reference 2018 FERC Form 1, Account 182.3 – Other Regulatory Assets, pages 232 through 232.4 (as applicable) Column (d), Written off During Quarter/Year Account Charged. In respect of each instance where Column (d) states “Various” please provide a detailed tabulation by FERC account, including associated subaccounts if applicable (i.e. FERC Accounts 408.1, 561.1, 930.1 etc.), and their associated amounts that were charged.

Response:

See Attachment JI-27 Attachment 1.

Preparer of Response: Craig M. Adelman

Preparer of Response: Jason M. Johnson

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-35:

[For All OpCos and/or TransCos] Please state whether there are radial transmission facilities included in the gross plant investment in any OpCo or TransCo formula rate.

Response:

Yes, there are radial transmission facilities included in the gross plant investment in the OpCo and TransCo transmission formula rates. Please note per the PJM Open Access Transmission Tariff (Tariff) the Transmission System means the facilities controlled or operated by the Transmission Provider within the PJM region that are used to provide transmission service under the Tariff, Part II (Point-to-Point Transmission Service) and Part III (Network Integration Transmission Service). Also pursuant to the Tariff, Annual Transmission Costs mean the total annual cost of the Transmission System for purposes of Network Integration Transmission Service, as specified in Attachment H for each Zone until amended by the applicable Transmission Owner or modified by the Commission (FERC). Radial transmission facilities are used to provide transmission service under the Tariff, thus none are excluded from the OpCo's or TranCo's Transmission Costs.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-40:

[For All OpCos and/or TransCos] For any Right of Way ("ROW") being utilized by a distribution line and/or a circuit that has been upgraded or converted to a new transmission line, please identify whether the cost of the ROW is recorded to a distribution or transmission account. In addition, please identify where vegetation management expenses related to clearing the ROW is being recorded (i.e., transmission, distribution function, etc.).

Response:

The costs inquired about that are reflected in the Companies' formula rate update are exclusively related to transmission ROW costs and transmission vegetation management costs.

To the extent transmission facilities use ROW that may not be recorded in transmission related accounts by the ROW grantee, the costs paid for such use are transmission costs, regardless of how the receiving entity accounts for those payments from its revenue point of view. The Companies are not aware of any instance in which any of the Companies pays for any distribution facilities' use of ROW recorded to transmission accounts. To the extent non-electric transmission facilities may be attached to transmission structures or located in ROW recorded in a transmission account, any payment associated with such non-transmission use would be transmission revenue from the point of view of the entity receiving the payment, and would offset applicable revenue requirements.

Costs associated with Transmission-related vegetation management activities are recorded as transmission vegetation management costs, regardless of whether the transmission facilities are located and use in whole or part any distribution ROW.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-43:

[For All OpCos and/or TransCos] In relation to any costs associated with remediation for any environmental or contamination, please provide a detailed list of expenses by FERC account and the nature of the contamination.

Response:

No significant environmental remediation was conducted in 2018 for transmission assets in either the OpCos or TransCos.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-44:

[For All OpCos and/or TransCos] Please provide the following for each 34kV facility in an Excel format with the following columns:

- a. Name of each facility.
- b. Verify whether the transmission control room or distribution control room is operating the facility.
- c. Identify the associated labor cost associated with these facilities by FERC account

Response:

- a. Please see JI 1-44 Attachment 1 for a list of transmission line facilities and Attachment JI 1-44 Attachment 2 for the substation facilities.
- b. The distribution dispatch center operates majority of the facilities listed in Attachment 1 and 2 with few exceptions.
- c. The labor costs associated with these facilities are not separately identified for these assets.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-46:

[For All OpCos and/or TransCos] Please identify the following related to major destructive events (i.e., storms, fires, etc.) in 2018:

- a. The FERC Account(s) and corresponding amounts that were recorded related to restoration costs incurred for repair work..
- b. Any pending insurance claims and the amounts associated with anticipated reimbursements from these claims.
- c. The FERC Account(s) where the reimbursements in (b) above will be recorded.
- d. Verify whether OpCo and TransCo self-insures for property insurance by setting aside reserves. If so, please identify what FERC Account these reserves are held.

Response:

There were two, 2018 major destructive events identified. They were both transformer fires and the estimated losses and insurance coverage details are in JI - 46 Attachment 1.

- a. The replacement of the transformers has not been completed in either case. Charges to date would be recorded in accounts 107 and 108.
- b. There is a claim pending on each case. Refer to JI - 46 Attachment 1 for details.
- c. The reimbursements from the insurance claims referred to above will be recorded in account 108, as a salvage credit.
- d. The OPCo's and Transco's are self-insured up to their deductible amount. Both events carry a \$2.5M deductible. Refer to JI - 46 Attachment 1 for details.

Preparer of Response: Craig M. Adelman

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Jennifer C. Mohler

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-48:

[For All OpCos and/or TransCos] Please identify all expenses that were recorded in Transmission O&M or A&G Expense accounts in 2018 that were incurred prior to 2018 and recorded in other O&M expense accounts and state the basis for the change in expense reporting.

Response:

There were no O&M or A&G expenses reported in 2018 that were incurred or reported in other accounts prior to 2018.

Preparer of Response: Jason M. Johnson

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-50:

[For All OpCos and/or TransCos] Please state whether any OpCo or TransCo received any revenues from payments made by others for ROW use from or for utility pipelines. If so, provide a detailed breakdown of such payments and reconcile those amounts to 2018 FERC Form 1s and to the revenue credits included in the 2018 true-up for each OpCo or TransCo

Response:

There were four payments made to Operating Companies for ROW use by utility pipelines. As shown in JI-50 Attachment 1, two of these items were for rental payments on non-transmission plant, and would not be a revenue credit to the formula rate of the receiving company. The other two payments were for assets owned by Ohio Power Company's transmission function and should be credits as reported on W/S E to OPCo formula rate. However, in the preparation of this response, it was determined that one of the payments was incorrectly recorded to account 421. Because this payment should have been a revenue credit to the formula rate the Company will apply this amount (\$14,430), and associated interest, as part of the true-up adjustment to be included in 2020 projected revenue requirement.

Preparer of Response: Craig M. Adelman

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-58:

[For All OpCos and/or TransCos] For the OpCos only, refer to the 2018 FERC Form 1 page 323, Line 193, Account 931 – Rents, please provide a detailed tabulation of every entry booked to this account during 2018, including name, description of cost item and amount.

Response:

See attachment JI-58 Attachment 1.

Preparer of Response: Jason M. Johnson

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-59:

[For All OpCos and/or TransCos]

For each OpCo and TransCo, please refer to the worksheet entitled "WS F Misc Exp," and the regulatory commission expenses allocated to the Transmission function please respond to the following questions:

- a. Please describe the nature of these expenses and provide the associated FERC docket numbers related to these expenses.
- b. Please provide a detailed listing (Excel format) of all items that are recorded in Account Number 9280005 for each OpCo and TransCo.

Response:

Please see JI-059 Attachment 1, 'QUERY' tab to see detailed listing of all items recorded in Account 9280005 for each OpCo and TransCo (part b). The detail also helps describe the nature of the expenses (part a).

- a. Work booked in Account 9280005 predominantly is related to FERC docket numbers EL17-13, ER17-405 and ER17-406.

Preparer of Response: Diane M. Keegan

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-61:

[For All OpCos and/or TransCos] With respect to each cancelled AEP Schedule 12 project listed in the table below (accessed from PJM's website <https://www.pjm.com/planning/rtep-upgrades-status/cost-allocation-view.aspx> on July 23, 2019), please provide the following:

- a. State the development stage of the project before it was cancelled.
- b. An explanation of why the project was cancelled.
- c. The zonal cost allocation determined by PJM for each project.
- d. Plant records, per canceled project, by FERC account the costs incurred since the inception of each project by year through December 31, 2018.
- e. State whether AEP is seeking the recovery of costs associated with these cancelled projects as part the 2019 Annual Update.
- f. With respect to each project for which AEP is seeking the recovery of costs, has AEP sought FERC approval for the recovery of costs? If not, please explain why it has not sought FERC approval?

Response:

- a. & b. See JI 1-61 Attachment 1 for the requested information.
- c. The requested PJM zonal cost allocation figures can be found using the following link: <https://www.pjm.com/planning/rtep-upgrades-status/cost-allocation-view.aspx>
- d. & e. Of the fourteen projects listed, only four projects were cancelled: b2409, b2539, b2790 and b2798. In addition, costs were incurred for only one of these projects: b2798. These costs were in the amount of \$2,974. These costs are being recovered in FERC account 566.
- f. N/A

Preparer of Response: Kevin L. Amburgey

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-74:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 560 – Operation Supervision and Engineering from \$10,280,503 to \$12,905,648 as shown in APCo's 2018 FERC Form 1, Page 321, Line 83, Columns (c) and (b), respectively

Response:

Please see JI - 074 Attachment 1, 'SCB by CC Desc' tab to see variance was primarily due to increased labor and other costs (incentives, fringes) that follow labor.

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-75:

[For APCo] Please explain and provide a detailed listing (Excel format) of all items booked to Account 566 - Miscellaneous Transmission Expenses, which increased from \$11,535,295 to \$50,263,110 as shown in APCo's 2018 FERC Form 1, Page 321, Line 97, Columns (c) and (b), respectively.

Response:

The main driver for the increase in APCo's Account 566 was the change in recovery of expenses in the Virginia T-RAC. See Pivot tab on JI-075 Attachment 1 for additional details. Please reference data request JI-083 for further information. Note that the Virginia T-RAC is removed from the formula rate cost of service.

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-76:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 571 - Maintenance of Overhead Lines from \$10,387,984 to \$16,616,238 as shown in APCo's 2018 FERC Form 1, Page 321, Line 108, Columns (c) and (b), respectively.

Response:

The main driver for the change in APCo's Account 571 is an increase in maintenance of transmission right-of-way in 2019. See Pivot tab on JI-076 Attachment 1 for additional details.

Preparer of Response: Craig M. Adelman

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-77:

[For APCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$13,542,216 in 2018 reported in APCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

Please see JI-77 Attachment 1, 'Pivot Cost Component 2018' tab for the detailed listing of the activity in Account 923. In addition, please see 'AEPSC Pivot by Work Order 2018' tab for further explanation of the AEPSC activity.

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-78:

[For APCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 925 - Injuries and Damages from \$8,520,415 to \$11,924,616 as shown in APCo's 2018 FERC Form 1, Page 323, Line 186, Columns (c) and (b), respectively.

Response:

Please see JI-078 Attachment 1, 'Acct 9250000' and 'Acct 9250007 AP Pivot' tabs to see variance was primarily due to additional estimated asbestos liability claims offset by some payments of asbestos liability claims.

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-81:

[For APCo] Please provide a detailed listing (Excel format) of all items booked to Account 930.2007 broken out by 100% Non-Transmission and 100% Transmission as shown on the "APCo WS F Misc Exp" tab, Line 42 – 9302007 Assoc Business Development Exp in the amount of \$3,942,886.

Response:

Please see JI-1 081 Attachment 1, 'QUERY' tab to see detailed listing of all items broken out by Transmission and Non-Transmission.

Preparer of Response: Diane M. Keegan

Preparer of Response: Craig M. Adelman

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-90:

[For APCo] Please identify all APCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with the following ADIT items included on APCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

- a. Line 2.17 – PROV WORKER'S COMP
- b. Line 2.28 – ACCRD COMPANYWIDE INCENTV PLAN
- c. Line 2.30 – ACCRUED VACATION PAY
- d. Line 2.60 – ACCRD SFAS 106 PST RETIRE EXP
- e. Line 2.61 – SFAS 106 PST RETIRE EXP - NON-DEDUCT CONT
- f. Line 2.62 – ACCRD OPEB COSTS - SFAS 158
- g. Line 2.63 – ACCRD SFAS 112 PST EMPLOY BEN

Response:

As documented in the formula template in line 56 and related note 'Y', the only contingent liability recognized by the Company is in account 2282003, and relates to accrued workers compensation expense in account 925. The 2018 and 2017 balances were provided in the formula in the annual true-up as a rate base offset. The related ADIT for workers comp. accruals is found in account 190.1 as deferral item 2.17 on on WS B-2.

The other items listed in this request are not associated with contingent liabilities.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-99:

[For I&M] Please explain and provide supporting documentation for the drivers underlying the increase in Materials and Supplies Transmission Plant from \$540,017 to \$2,234,085 as shown in I&M's 2018 FERC Form 1, Page 227, Line 8, Columns (b) and (c), respectively.

Response:

The \$1.6M increase in transmission related inventory from 2017 to 2018 correlates to an increase in Transmission projects. Increased Transmission projects requires more stock inventory to support those projects. The backup document attached provides inventory items as of the end of 2017 and 2018. Included is a pivot table summary noting the variance by storeroom, along with a reconciliation summary between 2017 to 2018. Note the calculation of Trans, Gen and Dist inventory is based on a pro-rated allocation of Net Issuances for the year (See the INDUS Summary tab). Calculation by Net Issuances provides a more accurate picture of how inventory is used.

Preparer of Response: Amy M. Morss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-101:

[For I&M] Please provide a detailed listing (Excel format) of all items booked to Account 566 - Miscellaneous Transmission Expenses of \$3,332,277 in 2018 reported in I&M's 2018 FERC Form 1, Page 321, Line 97, Column (b).

Response:

Please see Pivot tab of JI-101 Attachment 1 for the detailed listing of the activity in Account 566. In addition, please see AEPSC Only Pivot tab for further explanation of the AEPSC activity.

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-102:

[For I&M] Please explain and provide supporting documentation for the drivers underlying the increase in Account 571 – Maintenance of Overhead Lines from \$6,776,955 to \$12,717,507 as shown in I&M's 2018 FERC Form 1, Page 321, Line 108, Columns (c) and (b), respectively.

Response:

The main driver for the change in I&M's Account 571 is an increase in maintenance of transmission right-of-way in 2019. See the Pivot tab of JI-102 Attachment 1 for additional detail.

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-103:

[For I&M] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$9,226,502 in 2018 reported in I&M's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

Please see Pivot Cost Component 2018 tab for the detailed listing of the activity in Account 923. In addition, please see AEPSC Pivot by Work Order 2018 tab for further explanation of the AEPSC activity.

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-106:

[For I&M] Please provide a detailed listing (Excel format) of all items booked to Account 930.2007 broken out by 100% Non-Transmission and 100% Transmission as shown on the "I&M WS F Misc Exp" tab, Line 43 – 9302007 Assoc Business Development Exp in the amount of \$542,232.

Response:

Please see JI-1 106 Attachment 1_QUERY Tab to see detailed listing of all items broken out by Transmission and Non-Transmission.

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-111:

[For I&M] Please identify all I&M unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with the following ADIT items included on I&M WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

- a. Line 2.16 – PROV WORKER’S COMP
- b. Line 2.18 – ACCRUED BK PENSION EXPENSE
- c. Line 2.19 – ACCRUED BK PENSION COSTS - SFAS 158
- d. Line 2.20 – SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
- e. Line 2.21 – ACCRD SUP EXEC RETIR PLAN COSTS-SFAS 158
- f. Line 2.25 – ACCRUED PSI PLAN EXP
- g. Line 2.36 – ACCRD COMPANYWIDE INCENTV PLAN
- h. Line 2.38 – ACCRUED BOOK VACATION PAY
- i. Line 2.84 – ACCRD SFAS 106 PST RETIRE EXP
- j. Line 2.85 – ACCRD OPEB COSTS - SFAS 158
- k. Line 2.86 – ACCRD SFAS 112 PST EMPLOY BEN

Response:

As documented in the formula template in line 56 and related note 'Y', the only contingent liability recognized by the Company is in account 2282003, and relates to accrued workers compensation expense in account 925. The 2018 and 2017 balances were provided in the formula in the annual true-up as a rate base offset. The related ADIT for workers comp. accruals is found in account 190.1 as deferral item 2.16 on on WS B-2.

The other items listed in this request are not associated with contingent liabilities.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-117:

[For I&M] Please refer to FERC Docket No. EC18-102-000, page 5, which stated that “I&M Transco will pay Duke Indiana the net book value of the Assets...As described in the Purchase and Sale Agreement, dated June 1, 2018, \$2,165,773 will be deducted from the payment as a credit for amounts owed by Duke Indiana to AEP Kentucky Transmission Company, Inc. and Indiana Michigan Power Company under a Facility Sales Agreement, Bill of Sale, and Assignment dated as of March 30, 2017 and Services Agreement dated as of March 31, 2017. Under the Sales Agreement, AEP Kentucky Transmission Company, Inc. transferred non-energized transmission facilities, including a 800 kV circuit breaker, two current transformer bushings, and a steel cabinet to Duke Indiana. Indiana Michigan Power Company provided installation services under the Services Agreement to install the facilities.” (footnotes omitted). Please provide the following:

- a. State the amount “owed by Duke Indiana to...Indiana Michigan Power Company.”
- b. Explain the Nature of the Credit
- c. Explain how the credit is reflected in the Formula Rate. Please identify each line item in the Formula Rate that is impacted by this credit.
- d. If it is not reflected in the Formula Rate, please explain why.

Response:

- a. Per Section 6, 'Related Payments' of the Purchase and Sales Agreement included in the application filed in FERC Docket EC18-102 on June 14, 2018, the amount owed by Duke Energy to I&M was \$1,051,188.
- b. This payable to I&M was related to a Services Agreement, dated 3/31/2017 between Duke and I&M.
- c. The credit is not reflected in the formula rate. The money's owed by Duke to I&M were used as an offset of the payment made by IMTCo to purchase price of the assets.
- d. The purchase price of the asset was not affected by this receivable from Duke. The cash payment (as opposed to the purchase price) made by IMTCo to Duke was reduced and that amount was used to settle the receivable owed to I&M by Duke. The amount of the purchase price is reflected in the IMTCo formula as a reduction of rate base and cost of service that will be recovered in MISO.

Preparer of Response: David B. Weiss

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-118:

[**For I&M**] Please refer to FERC Docket No. EC17-69-000, Order Authorizing Acquisition of Jurisdictional Facilities, issued April 26, 2017, page 2, which states, “With regard to rates, Indiana Michigan states that the Proposed Transaction will not have an adverse effect on rates. Indiana Michigan states that the Facilities will be transferred at the nominal value of 10 U.S. dollars to reflect the fact that Headwaters will be responsible for the costs necessary for network upgrades for the interconnection of its generation facilities. Indiana Michigan further agrees to hold its customers harmless regarding the transaction costs.” Please provide the following:

- a. Explain how holding customers harmless was effectuated in the Formula Rate. Please identify each line item in the Formula Rate that is impacted by this transaction.
- b. If it is not reflected in the Formula Rate, please explain why.

Response:

- a. These assets were transferred to I&M at a nominal cost of ten dollars (\$10). This amount is de minimus relative to the value of the rate base recovered in I&M's formula rate. In addition, the seller accepted cost responsibility for any necessary network upgrades necessary for the interconnection of the generation facilities serviced by this switchyard.
- b. It is reflected in the formula at a cost of \$10. See part a.

Preparer of Response: David B. Weiss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-120:

[For KPCo] Please provide a detailed listing (Excel format) of all items booked to Account 566 - Miscellaneous Transmission Expenses of \$5,069,567 in 2018 reported in KPCo's 2018 FERC Form 1, Page 321, Line 97, Column (b).

Response:

Please see Pivot tab of JI-120 Attachment 1 for the detailed listing of the activity in Account 566. The majority of the amount is due to PJM OATT LSE Over-Under Adjustment per the January 2018 KPSC Base Rate Order on Case No. 2017-00179.

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-121:

[For KPCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 571 – Maintenance of Overhead Lines from \$2,515,974 to \$5,183,564 as shown in KPCo's 2018 FERC Form 1, Page 321, Line 108, Columns (c) and (b), respectively.

Response:

The main driver for the change in KPCo's Account 571 is an increase in maintenance of transmission right-of-way in 2019. See Pivot tab of JI-121 Attachment 1 for additional support.

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-122:

[For KPCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$2,832,120 in 2018 reported in KPCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

Please see JI-122 Attachment 1, 'Pivot Cost Component 2018' tab for the detailed listing of the activity in Account 923. In addition, please see 'AEPSC Pivot by Work Order 2018' tab for further explanation of the AEPSC activity.

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-123:

[For KPCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 925 - Injuries and Damages from \$2,378,577 to \$4,039,813 as shown in KPCo's 2018 FERC Form 1, Page 323, Line 186, Columns (c) and (b), respectively.

Response:

Please see JI-1 123 Attachment 1_Acct 9250000 and Acct 9250006 Tabs to see variance was primarily due to additional estimated asbestos liability claims.

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-125:

[For KPCo] Please refer to the “KPCo WS M – Cost of Capital” tab, Line 13, Account 219.1, Accumulated Other Comprehensive Income, December of Rate Year, please explain and provide supporting documentation of the amount shown of \$(211,988).

Response:

See Attachment JI_125_Attachment 1 for 219.1 activity.

Preparer of Response: Craig M. Adelman

Preparer of Response: Jason M. Johnson

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-131:

[For KPCo] Please identify all KPCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with the following ADIT items included on KPCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

- a. Line 2.13 – PROV WORKER'S COMP
- b. Line 2.14 – ACCRUED BK PENSION EXPENSE
- c. Line 2.25 – ACCRD COMPANYWIDE INCENTV PLAN
- d. Line 2.26 – ACCRUED BOOK VACATION PAY
- e. Line 2.49 – ACCRD SFAS 106 PST RETIRE EXP
- f. Line 2.50 – SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT
- g. Line 2.51 – ACCRD OPEB COSTS - SFAS 158
- h. Line 2.52 – ACCRD SFAS 112 PST EMPLOY BEN

Response:

As documented in the formula template in line 56 and related note 'Y', the only contingent liability recognized by the Company is in account 2282003, and relates to accrued workers compensation expense in account 925. The 2018 and 2017 balances were provided in the formula in the annual true-up as a rate base offset. The related ADIT for workers comp. accruals is found in account 190.1 as deferral item 2.13 on on WS B-2.

The other items listed in this request are not associated with contingent liabilities.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-136:

[For KgPCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$344,194 in 2018 reported in KgPCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

Please JI-136 Attachment 1, 'Pivot Cost Component 2018' tab for the detailed listing of the activity in Account 923. In addition, please see 'AEPSC Pivot by Work Order 2018' tab for further explanation of the AEPSC activity.

Preparer of Response: Craig M. Adelman

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-142:

[For KgPCo] Please identify all KgPCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with the following ADIT items included on KgPCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

- a. Line 2.07 – ACCRUED BK PENSION EXPENSE
- b. Line 2.09 – ACCRD COMPANYWIDE INCENTV PLAN
- c. Line 2.10 – ACCRUED BOOK VACATION PAY
- d. Line 2.20 – ACCRD SFAS 106 PST RETIRE EXP
- e. Line 2.21 – SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT
- f. Line 2.22 – ACCRD OPEB COSTS - SFAS 158

Response:

As documented in the formula template in line 56 and related note 'Y', the only contingent liability recognized by the Company is in account 2282003, and relates to accrued workers compensation expense in account 925. The 2018 and 2017 balances were provided in the formula in the annual true-up as a rate base offset. Kingsport Power does not have an ADIT balance for workers comp. accruals.

The other items listed in this request are not associated with contingent liabilities.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-148:

[For OPCo] JI-149. Please refer to OPCo's 2018 FERC Form 1 at Page 123.58 which states "AEPTCo entered into a 50-year joint license agreement with OPCo allowing either party to occupy the granting party's facilities or real property...AEPTCO billed OPCOs \$2.9 million and \$2.4 million for the years ended December 31, 2018 and 2017, respectively." Please provide the following:

- a. An electronic copy of all joint license agreements entered into between AEPTCo and any AEP affiliate company.
- b. A detailed explanation of what these charges represent.
- c. A detailed breakout of costs (Excel format), including associated amounts and the cost center where each cost originated, from AEP Transmission Company, LLC ("AEPTCo") that were allocated or directly charged to each OpCo and TransCo by FERC Account.
- d. Confirm whether AEPTCo directly owns the "facilities or real property" involved in the 2017 and 2018 charges to OPCo or are they directly owned by any of the TransCos.
- e. Confirm whether any of the TransCos receive revenue as part the of the joint license agreements between AEPTCo and any AEP affiliate company. If yes, please specify, by reference to Excel cells, where these revenues are included in the applicable transmission formula rate.

Response:

- a. Please see JI 1-148 Attachments 2 through 9.
- b. The joint license billing provides compensation to the granting party for the cost of carrying assets, including depreciation expense, property taxes, interest expense, return on equity and income taxes.
- c. See JI 1-148 Attachment 1 for the requested information.
- d. See the response to part c.
- e. See the response to part c.

Preparer of Response: Kevin L. Amburgey

Preparer of Response: Rhoderick C. Griffin

Preparer of Response: Jennifer C. Mohler

Preparer of Response: John A. Lowry

Preparer of Response: Laurie M. Spears

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-150:

[For OPCo] Please explain and provide supporting documentation for the drivers underlying the increase in Materials and Supplies Transmission Plant from \$1,825,743 to \$2,773,600 as shown in OPCo's 2018 FERC Form 1, Page 227, Line 8, Columns (b) and (c), respectively.

Response:

See JI-150 Attachment 1. The \$947,857 increase in transmission related inventory from 2017 to 2018 specifically correlates to the overall increase in Transmission projects. An increase in Transmission projects requires more stock inventory to support those projects. The backup document attached provides all OPCO inventory items as of the end of 2017 and 2018. Included is a pivot table noting the variance by storeroom, along with a reconciliation summary noting a change in reconciling items from 2017 to 2018. Note the calculation of Trans, Gen and Dist inventory is based on a pro-rated allocation of Net Issuances for the year (See the INDUS Summary tab). Generally, most operating companies do not have separate Transmission storerooms, thus stock is kept in Distribution storerooms. Because of this, calculation by Net Issuances provides a more accurate percentage of inventory used for transmission related projects.

Preparer of Response: Amy M. Morss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-152:

[For OPCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 560 – Operation Supervision and Engineering from \$7,954,902 to \$9,259,885 as shown in OPCo's 2018 FERC Form 1, Page 321, Line 83, Columns (c) and (b), respectively.

Response:

Please see JI-1 152 Attachment 1, 'SCB by CC Descr' tab to see variance was primarily due to increased labor and other costs (incentives, fringes) that follow labor.

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-153:

[For OPCo] Please provide a detailed listing (Excel format) of all items booked to Account 566 - Miscellaneous Transmission Expenses of \$164,536,507 in 2018 reported in OPCo's 2018 FERC Form 1, Page 321, Line 97, Column (b). Please note that the amount of this deferral activity has been removed from the determination of the revenue requirement, as shown on line 77 of the Transmission Cost of Service.

Response:

Please see Pivot tab of JI-153 Attachment 1 for the detailed listing of the activity in Account 566. The majority of the activity is due to the Basic Transmission Cost Recovery Rider (BTCR) over(under) accrual and carrying charge.

Preparer of Response: Matthew K. Murray

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-154:

[For OPCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 571 - Maintenance of Overhead Lines from \$9,716,260 to \$15,133,236 as shown in OPCo's 2018 FERC Form 1, Page 321, Line 108, Columns (c) and (b), respectively.

Response:

Please see JI-1 154 Attachment 1, 'Pivot' and 'T Line Str Maint' tabs to see variance was primarily due to increased forestry expenses and transmission line structure maintenance (primarily conductor maintenance).

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-155:

[For OPCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$10,209,460 in 2018 reported in OPCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

Please see JI-155 Attachment 1, 'Pivot Cost Component 2018' tab for the detailed listing of the activity in Account 923. In addition, please see 'AEPSC Pivot by Work Order 2018' tab for further explanation of the AEPSC activity.

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-157:

[For OPCo] Please provide a detailed listing (Excel format) of all items booked to Facility Credits under PJM OATT Section 30.9, shown on the "OPCo WS E Rev Credits" tab, Line 9, in the amount of \$4,028,356.

Response:

Please see the response to JI-80. Under Section 30.9 of the PJM OATT, a network customer that owns existing transmission facilities integrated with the transmission provider's system may receive a billing credit which for 2018 was \$4,028,356. Inclusion in OPCo's formula rate is for collection purposes only on behalf of the network customer with existing transmission facilities under Section 30.9.

The FERC Docket Number reference is ER18-254. The facilities and party receiving the credits are detailed in the same filing.

Preparer of Response: Diane M. Keegan

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-158:

[For OPCo] Please state the FERC Docket Number reference in which the Facility Credits under PJM OATT Section 30.9, shown on the "OPCo WS E Rev Credits" tab, Line 9, in the amount of \$4,028,356 was approved by the Commission. In addition, please provide a detailed description of the facility credits (i.e. the party(ies) receiving the credits).

Response:

Please see the Company's response to data request JI-157.

Preparer of Response: Diane M. Keegan

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-159:

[For OPCo] Please provide a detailed listing (Excel format) of all items booked to Account 930.2007 broken out by 100% Non-Transmission and 100% Transmission as shown on the "OPCo WS F Misc Exp" tab, Line 42 – 9302007 Assoc Business Development Exp in the amount of \$1,399,840.

Response:

Please see JI-1 159 Attachment 1_QUERY Tab to see detailed listing of all items broken out by Transmission and Non-Transmission.

Preparer of Response: Diane M. Keegan

Preparer of Response: Brian W. Elswick

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-167:

[For OPCo] Please identify all OPCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with the following ADIT items included on OPCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

- a. Line 2.14 – PROV WORKER’S COMP
- b. Line 2.32 – ACCRD COMPANYWIDE INCENTV PLAN
- c. Line 2.34 – ACCRUED BOOK VACATION PAY
- d. Line 2.79 – ACCRD SFAS 106 PST RETIRE EXP
- e. Line 2.80 – ACCRD OPEB COSTS - SFAS 158
- f. Line 2.81 – ACCRD SFAS 112 PST EMPLOY BEN

Response:

As documented in the formula template in line 56 and related note 'Y', the only contingent liability recognized by the Company is in account 2282003, and relates to accrued workers compensation expense in account 925. The 2018 and 2017 balances were provided in the formula in the annual true-up as a rate base offset. The related ADIT for workers comp. accruals is found in account 190.1 as deferral item 2.14 on on WS B-2.

The other items listed in this request are not associated with contingent liabilities.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-174:

[For WPCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$1,295,517 reported in WPCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

Please see Ji-174 Attachment 1, 'Pivot Cost Component 2018' tab for the detailed listing of the activity in Account 923. In addition, please see 'AEPSC Pivot by Work Order 2018' tab for further explanation of the AEPSC activity.

Preparer of Response: Craig M. Adelman

Preparer of Response: Sheila L. Balster

Date: 8/30/2019

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-177:

[For WPCo] Please refer to the “WPCo WS M – Cost of Capital” tab, Line 13, Account 219.1, Accumulated Other Comprehensive Income, December of Rate Year, please explain and provide supporting documentation of the amount shown of \$(75,850).

Response:

See Attachment JI-177 Attachment 1 for 219.1 activity.

Preparer of Response: Craig M. Adelman

Preparer of Response: Jason M. Johnson

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-181:

[For WPCo] Please identify all WPCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with the following ADIT items included on WPCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

- a. Line 2.15 – ACCRD COMPANYWIDE INCENTV PLAN
- b. Line 2.16 – ACCRUED BOOK VACATION PAY
- c. Line 2.30 – ACCRD SFAS 106 PST RETIRE EXP
- d. Line 2.31 – SFAS 106 PST RETIRE EXP – NON-DEDUCT CONT
- e. Line 2.33 – ACCRD OPEB COSTS - SFAS 158

Response:

As documented in the formula template in line 56 and related note 'Y', the only contingent liability recognized by the Company is in account 2282003, and relates to accrued workers compensation expense in account 925. The 2018 and 2017 balances were provided in the formula in the annual true-up as a rate base offset. The related ADIT for workers comp. accruals is found in account 190.1 as deferral item 2.08 on on WS B-2.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-190:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Materials and Supplies Assigned to Construction from \$4,213,431 to \$7,451,298 as shown in IM TransCo's 2018 FERC Form 1, Page 227, Line 5, Columns (b) and (c), respectively.

Response:

See JI-190 Attachment 1. The \$3.2M increase in Capital related inventory from 2017 to 2018 correlates to the increase in Capital projects for I&M TransCo. Increase Capital projects requires more stock inventory to support those projects. The backup document attached provides all I&M TransCo inventory items as of the end of 2017 and 2018. Included is a summary noting the variance by storeroom, along with a reconciliation summary showing the change in reconciling items from 2017 to 2018. The calculation of CWIP & Trans inventory is based on a pro-rated allocation of Net Issuances for the year (See the INDUS Summary tab). Calculation by Net Issuances provides a more accurate picture of how inventory is used.

Preparer of Response: Amy M. Morss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-191:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 560 – Operation Supervision and Engineering from \$4,972,332 to \$7,627,913 as shown in IM TransCo's 2018 FERC Form 1, Page 321, Line 83, Columns (c) and (b), respectively.

Response:

The increase in Operation Supervision and Engineering (Account 560) from 2017 to 2018 is primarily related to labor and labor-related charges, outside service and Shared Services from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that IM T-Co's Net Utility Plant increased by approximately \$398M (23%) in 2018 over 2017. Please refer to JI-191 Attachment 1 for a summary of the 2017 & 2018 charges to Account 560.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-192:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 566 - Miscellaneous Transmission Expenses, from \$1,351,168 to \$2,483,275 shown in IM TransCo's 2018 FERC Form 1, Page 321, Line 97, Columns (c) and (b), respectively. In addition, please provide a detailed listing (Excel format) of all items booked to this account in 2018.

Response:

The increase in Miscellaneous Transmission Expense (Account 566) from 2017 to 2018 is primarily related to labor and labor-related charges and outside services from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that I&M T-Co's Net Utility Plant increased by approximately \$400M (23%) in 2018 over 2017. Please refer to JI-192 Attachment 1 for a summary of the 2018 charges to Account 566. Please refer to JI-192 Attachment 2 for a summary of AEPSC charges to Account 566 by Department and Cost Type.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-193:

[For IMTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 920 – Administrative and General Salaries from \$2,575,914 to \$3,518,978 as shown in IM TransCo's 2018 FERC Form 1, Page 323, Line 181, Columns (c) and (b), respectively.

Response:

The \$943K increase from 2017 to 2018 was primarily due to labor and labor-related charges and Shared Services for services provided by AEPSC. Please note that I&M T-Co's Property, Plant and Equipment assets by approximately \$400M (23%) in 2018 over 2017. Please refer to JI-194 Attachment 1 for a summary of the 2017 & 2018 charges to Account 920.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-194:

[For IMTCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$2,452,740 in 2018 reported in IM TransCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

The increase in Outside Services Employed (Account 923) from 2017 to 2018 is primarily related to outside services, Shared Services and other charges from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that I&M T-Co's Net Utility Plant increased by approximately \$398M (23%) in 2018 over 2017. Please refer to JI-194 Attachment 1 for a summary of the 2018 charges to Account 923. Please refer to JI-194 Attachment 2 for a summary of AEPSC charges to Account 923 by Department and Cost Type.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-199:

[For IMTCo] Please identify all IM TransCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with Line 2.05 – ACCRD COMPANYWIDE INCENTV PLAN included on IM TransCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

Response:

As documented in the formula template in line 56 and related note 'Y', IMTCO did not have any unfunded reserves associated with contingent liabilities recorded as of 12/31/2017 or 12/31/2018. The ADIT deferral described above is not associated with a contingent liability.

Because IMTCO (and all AEP Transmission Companies) doesn't have any direct employees, and uses AEPSC personnel for staffing, the short-term payable associated with this ADIT balance is recorded in account 2340029, the payable to the Service Corporation..

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-207:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Materials and Supplies Assigned to Construction from \$5,201,330 to \$8,123,150 as shown in OH TransCo's 2018 FERC Form 1, Page 227, Line 5, Columns (b) and (c), respectively.

Response:

See JI-207 attachment 1. The \$2.9M increase in Construction related inventory from 2017 to 2018 correlates to the increase in Capital projects for OH TransCo. Increase Capital projects requires more stock inventory to support those projects. The backup document attached provides all I&M TransCo inventory items as of the end of 2017 and 2018. Included is a summary noting the variance by storeroom, along with a reconciliation summary showing the change in reconciling items from 2017 to 2018. The calculation of CWIP & Trans inventory is based on a pro-rated allocation of Net Issuances for the year (See the INDUS Summary tab). Calculation by Net Issuances provides a more accurate picture of how inventory is used.

Preparer of Response: Amy M. Morss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-208:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 560 – Operation Supervision and Engineering from \$8,937,170 to \$11,945,663 as shown in OH TransCo's 2018 FERC Form 1, Page 321, Line 83, Columns (c) and (b), respectively.

Response:

The increase in Operation Supervision and Engineering (Account 560) from 2017 to 2018 is primarily related to labor and labor-related charges, outside service and Shared Services from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that OH T-Co's Net Utility Plant increased by approximately \$536M (20%) in 2018 over 2017. Please refer to JI-208 Attachment 1 for a summary of the 2017 & 2018 charges to Account 560.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-209:

[For OHTCo] Please provide a detailed listing (Excel format), for all items recorded to Account 566 - Miscellaneous Transmission Expenses in 2018 as shown in OH TransCo's 2018 FERC Form 1, Page 321, Line 97, that total \$5,028,807.

Response:

The increase in Miscellaneous Transmission Expense (Account 566) from 2017 to 2018 is primarily related to labor and labor-related charges, outside services and shared services from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that OH T-Co's Net Utility Plant increased by approximately \$536M (20%) in 2018 over 2017. Please refer to JI-209 Attachment 1 for a summary of the 2018 charges to Account 566. Please refer to JI-209 Attachment 2 for a summary of AEPSC charges to Account 566 by Department and Cost Type.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-210:

[For OHTCo] Please explain and provide supporting documentation for the drivers underlying the increase in Account 920 – Administrative and General Salaries from \$4,603,395 to \$5,760,277 as shown in OH TransCo's 2018 FERC Form 1, Page 323, Line 181, Columns (c) and (b), respectively.

Response:

The \$1.1M increase from 2017 to 2018 was primarily due to labor and labor-related charges and Shared Services for services provided by AEPSC. Please note that OH T-Co's Property, Plant and Equipment assets by approximately \$536M (20%) in 2018 over 2017. Please refer to JI-211 Attachment 1 for a summary of the 2017 & 2018 charges to Account 920.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-211:

[For OHTCo] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$4,503,046 in 2018 reported in OH TransCo's 2018 FERC Form 1, Page 323, Line 184, Column(b).

Response:

The increase in Outside Services Employed (Account 923) from 2017 to 2018 is primarily related to outside services, Shared Services and other charges from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that OH T-Co's Net Utility Plant increased by approximately \$536M (20%) in 2018 over 2017. Please refer to JI-211 Attachment 1 for a summary of the 2018 charges to Account 923. Please refer to JI-211 Attachment 2 for a summary of AEPSC charges to Account 923 by Department and Cost Type.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-217:

[For OHTCo] Please identify all OH TransCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

Response:

As documented in the formula template in line 56 and related note 'Y', the unfunded liabilities recognized by the Company are contingent liabilities. OPTCO did not have any contingent liability balances as of 12/31/2018 or 12/31/2017.

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-221:

[For OHTCo] Please state the FERC Docket Number reference in which the Facility Credits under PJM OATT Section 30.9, shown on the "OH Transmission WS E Rev Credits" tab, Line 9, in the amount of \$319,233 was approved by the Commission.

Response:

The FERC Docket Number reference in which the Facility Credits under PJM OATT Section 30.9, shown on OH Transmission WS E Rev Credits in the amount of \$319,233 is ER18-2110.

Preparer of Response: Diane M. Keegan

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-230:

[For WVTCO] Please explain and provide supporting documentation for the drivers underlying the increase in Account 560 – Operation Supervision and Engineering from \$2,796,223 to \$4,167,734 as shown in WV TransCo's 2018 FERC Form 1, Page 321, Line 83, Columns (c) and (b), respectively.

Response:

The increase in Operation Supervision and Engineering (Account 560) from 2017 to 2018 is primarily related to labor and labor-related charges, outside service and Shared Services from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that WV T-Co's Net Utility Plant increased by approximately \$273M (27%) in 2018 over 2017. Please refer to JI-230 Attachment 1 for a summary of the 2017 & 2018 charges to Account 560.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-231:

[For WVTCO] Please explain and provide a detailed listing (Excel format) of all items booked to Account 566 - Miscellaneous Transmission Expenses, which increased from \$792,751 to \$1,545,238 as shown in WV TransCo's 2018 FERC Form 1, Page 321, Line 97, Columns (c) and (b), respectively.

Response:

The increase in Miscellaneous Transmission Expense (Account 566) from 2017 to 2018 is primarily related to labor and labor-related charges, outside services and Shared Services from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that WV T-Co's Net Utility Plant increased by approximately \$273M (27%) in 2018 over 2017. Please refer to JI-231 Attachment 1 for a summary of the 2018 charges to Account 560. Please refer to JI-231 Attachment 2 for a summary of AEPSC charges to Account 566 by Department and Cost Type.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-232:

[For WVTCO] Please explain and provide supporting documentation for the drivers underlying the increase in Account 920 – Administrative and General Salaries from \$1,465,222 to \$2,094,600 as shown in WV TransCo's 2018 FERC Form 1, Page 323, Line 181, Columns (c) and (b), respectively.

Response:

The \$634K increase from 2017 to 2018 was primarily due to labor and labor-related charges and Shared Services for services provided by AEPSC. Please note that WV T-Co's Property, Plant and Equipment assets increased by \$273M (27%) in 2018 over 2017. Please refer to JI-232 Attachment 1 for a summary of the 2017 & 2018 charges to Account 920.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-233:

[For WVTCO] Please provide a detailed listing (Excel format), including detailed descriptions, for Account 923 – Outside Services Employed of \$1,586,169 in 2018 reported in WV TransCo's 2018 FERC Form 1, Page 323, Line 184, Column (b).

Response:

The increase in Outside Services Employed (Account 923) from 2017 to 2018 is primarily related to outside services, Shared Services and other charges from AEP affiliates (primarily AEPSC). The charges are for a variety of support services including business planning and operations, engineering and transmission administration. Please note that WV T-Co's Net Utility Plant increased by approximately \$273M (27%) in 2018 over 2017. Please refer to JI-233 Attachment 1 for a summary of the 2018 charges to Account 923. Please refer to JI-233 Attachment 2 for a summary of AEPSC charges to Account 923 by Department and Cost Type.

Preparer of Response: Rhoderick C. Griffin

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-239:

[For WVTCO] Please identify all WV TransCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with Line 2.04 – ACCRD COMPANYWIDE INCENTV PLAN included on WV TransCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

Response:

As documented in the formula template in line 56 and related note 'Y', the unfunded liabilities recognized by the Company are contingent liabilities. WVTCO did not have any contingent liability balances as of 12/31/2018 or 12/31/2017

Preparer of Response: Michael N. Kelly

Preparer of Response: Diane M. Keegan

Preparer of Response: Allyson L. Keaton

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-251:

[For KYTCo] Please identify all KY TransCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with Line 2.04 – ACCRD COMPANYWIDE INCENTV PLAN included on KY TransCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

Response:

As documented in the formula template in line 56 and related note 'Y', the unfunded liabilities recognized by the Company are contingent liabilities. KYTCO did not have any contingent liability balances as of 12/31/2018 or 12/31/2017

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-255:

[For KYTCo] Please refer to FERC Docket No. EC18-102-000, Application for Authorization Under Section 203 of the Federal Power Act, filed June 14, 2018, page 5, which states “I&M Transco will pay Duke Indiana the net book value of the Assets...As described in the Purchase and Sale Agreement, dated June 1, 2018, \$2,165,773 will be deducted from the payment as a credit for amounts owed by Duke Indiana to AEP Kentucky Transmission Company, Inc. and Indiana Michigan Power Company under a Facility Sales Agreement, Bill of Sale, and Assignment dated as of March 30, 2017 and Services Agreement dated as of March 31, 2017. Under the Sales Agreement, AEP Kentucky Transmission Company, Inc. transferred non-energized transmission facilities, including a 800 kV circuit breaker, two current transformer bushings, and a steel cabinet to Duke Indiana. Indiana Michigan Power Company provided installation services under the Services Agreement to install the facilities.” (footnotes omitted). Please provide the following:

- a. State the amount “owed by Duke Indiana to AEP Kentucky Transmission Company, Inc.”
- b. Explain the nature of this credit.
- c. Explain how the credit is reflected in the Formula Rate. Please identify each line item in the Formula Rate that is impacted by this credit.
- d. If it is not reflected in the Formula Rate, please explain why.

Response:

- a. Per Section 6, 'Related Payments' of the Purchase and Sales Agreement included in the application filed in FERC Docket EC18-102 on June 14, 2018, the amount owed by Duke Energy to AEP Kentucky Transmission Company Inc. was \$1,114,585.
- b. This payable to KYTCo from Duke Energy was related to an asset purchase , dated 3/30/2017 between Duke and KYTCo.
- c. The credit is not reflected in the formula rate. The money's owed by Duke to KYTCo were used as an offset of the payment made by IMTCo to the purchase price of the assets.
- d. The purchase price of the asset was not affected by this receivable from Duke. The cash payment (as opposed to the purchase price) made by IMTCo to Duke was reduced and that amount was used to settle the receivable owed to KYTCo by Duke. The amount of the purchase price is reflected in the IMTCo formula as a reduction of rate base and cost of service that will be recovered in MISO.

Preparer of Response: David B. Weiss

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-264:

[For APTCo] Please identify all AP TransCo unfunded or partially funded reserves (i.e., reserves accrued through expenses included in the formula but for which no escrow or restricted fund has been established, which are typically included in FERC Accounts 228.1, 228.2, 228.3, 228.4, 232, 242 and 253). This response should identify which amounts are associated with Line 2.04 – ACCRD COMPANYWIDE INCENTV PLAN included on AP TransCo WS B-2 Actual Statement AG. In addition, please provide (i) the FERC Account number where each such reserve has been recorded, (ii) the FERC Account number to which the reserve accrual(s) is (are) booked, and (iii) the balances as of December 31, 2017, and December 31, 2018.

Response:

As documented in the formula template in line 56 and related note 'Y', the unfunded liabilities recognized by the Company are contingent liabilities. APTCO did not have any contingent liability balances as of 12/31/2018 or 12/31/2017

Preparer of Response: Diane M. Keegan

Preparer of Response: Joshua P. Baluch

Date: 8/30/2019

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

**Responses to
Joint Interveners' Set 1 of Data Requests**

Data Request JI Set 1-268:

Refer to I&M WS B-2 Actual Statement AG, please provide a detailed explanation as to what this line item represents and for I&M's basis to include line 2.09 PROVS POSS REV REFDS balance allocated to Functionalized Transmission in Column N and Column S for \$2,971,027 and (\$543,698) respectively.

Response:

See response for JI-86.

Preparer of Response: Michael N. Kelly

Preparer of Response: Allyson L. Keaton

Date: 8/30/2019

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

Responses to
Joint Interveners' Set 1 of Data Requests

Data Request JI Set 1-68:

[For APCo] 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. What is the purpose of the facility?
- b. Confirm whether the facility is operational or retired. If it is operational, please identify the date in which it was placed into operation. If it is retired, please identify the date it was retired and provide a detailed explanation why the facility was retired.
- c. Confirm whether the facility's equipment (incl. the NaS battery) is in good working order i.e., it is usable. If it is no longer useable, provide a detailed explanation why it is no longer useable.
- d. Specify the meter to which the facility is interconnected.
- e. Specify the interconnected voltage level.
- f. Provide the 2018 hourly meter data for the facility.
- g. Provide an electronic copy of the facility's transmission interconnection agreement.
- h. Was the facility interconnected to other meters on the APCo transmission or distribution system before its current interconnection point? If yes, please specify the meter in which it was interconnected, the voltage level that it was interconnected and its functional classification ("transmission" or "distribution").
- i. Can the facility be re-deployed and interconnected to other meters on the APCo transmission or distribution system?
- j. Did the facility participate in any PJM market during 2018 and/or since its commercial operational date? If yes, please state which PJM markets it participated in and state the yearly revenue earned by the facility.
- k. Is the facility located behind a distribution meter? If yes, when the facility is generating electricity does it reduce the system demand located behind the distribution meter?
- l. Is the facility located behind a transmission meter? If yes, when the facility is generating electricity does it reduce the system demand located behind the transmission meter?
- m. Is the facility used to peak shave? 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/>
- n. Is the facility registered as "Non-Retail Behind The Meter Generation," as defined in the PJM Open Access Transmission Tariff, with PJM?
- o. Was the facility studied as part of the PJM's Attachment M-3 study process or as part PJM's regional transmission explanation plan study process? If it was neither of these two processes, please explain which study process at PJM the facility was subject to.
- p. Is the dispatch of the facility under PJM's operational control?
- q. Explain the process that AEP employs to determine whether an energy storage battery facility is classified as transmission or distribution.
- r. Provide a detailed explanation of the process to interconnect an energy storage battery to the APCo transmission system.
- s. Is the facility reported in the AEP FERC Form No. 715? If yes, please provide its

identification code.

- t. Provide the original gross Electric Plant in Service for the energy storage facility and identify any capital additions or retirements since the facility came online through 12/31/2018.
- u. Provide the accumulated depreciation for the facility as of 12/31/2018.
- v. Specify the number of years over which the facility is being depreciated.
- w. Is AEP seeking the recovery of costs associated with the facility as part of the 2019 Annual Update? If yes, please explain how the recovery of costs associated with the facility is reflected in the Formula Rate. Please identify each line item in the Formula Rate that is impacted.
- x. Does the facility provide for any ancillary services? If yes, identify the ancillary services.

Response:

- a. The retired facility is part of a transmission substation. The retired facility served the purpose of housing the energy storage battery during the time it was used and useful.
- b. Retired. The facility was retired in 2012. The facility was retired due to a failure on the battery and a subsequent distribution circuit obviated the need to fix/replace the asset.
- c. No. Please see part b for a more detailed explanation of why it is no longer useable.
- d. No longer applicable.
- e. No longer applicable..
- f. Not applicable.
- g. Not applicable.
- h. Currently it is not connected to the system, however, before it was retired, it was located within a transmission substation and connected to the 12.5kV distribution system. Please see the Company's response to (q) below.
- i. No.
- j. No.
- k. No as the facility was retired in 2012.
- l. No.
- m. No. The facility is retired.
- n. No.
- o. No. The facility was retired in 2012.
- p. No, the facility is retired.
- q. In APCo, the classification of transmission or distribution assets is determined based on the primary function of the station in which it is located.
- r. APCo's transmission system is under the functional control of PJM. The PJM OATT governs the process of interconnecting to the PJM system of which APCo's system is part. Please refer to the PJM Learning Center and in particular to the "Connecting to the Grid FAQs" section linked below.
<https://learn.pjm.com/three-priorities/planning-for-the-future/connecting-grid.aspx>
- s. The Company believes the information requested is subject to critical energy infrastructure information (CEII). To access CEII the Joint Intervenors would need to apply through PJM to access the requested information.
- t. Original plant in service was \$3.1M. Please see JI-068 Attachment 1 for capital additions and retirements.
- u. \$1.6M
- v. The battery is being depreciated over a 15 year period.
- w. Yes. Line items for ratebase for energy storage are line no. 21; line 32. Depreciation expense line 100. Assets in service would also have a ratebase ADFIT adjustment from a tax depreciation standpoint, but that information is not specifically identifiable.
- x. No.

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