

Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
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NOTES TO FINANCIAL STATEMENTS (Continued)			

International Equities	—	105.4	—	—	105.4	6.1 %
United States Bonds	—	118.2	—	—	118.2	6.8 %
Subtotal – Trust Owned Life Insurance	—	223.6	—	—	223.6	12.9 %
Cash and Cash Equivalents (b)	36.7	—	—	4.2	40.9	2.4 %
Other – Pending Transactions and Accrued Income (a)	—	—	—	(2.9)	(2.9)	(0.2)%
Total	\$ 700.4	\$ 692.2	\$ —	\$ 339.9	\$ 1,732.5	100.0 %

- (a) Amounts in "Other" column primarily represent accrued interest, dividend receivables and transactions pending settlement.
- (b) Amounts in "Other" column represent investments for which fair value is measured using net asset value per share.

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Accumulated Benefit Obligation

The accumulated benefit obligation for the pension plans was as follows:

Accumulated Benefit Obligation	December 31,	
	2018	2017
	(in millions)	
Qualified Pension Plan	\$ 271.6	\$ 289.4
Nonqualified Pension Plans	1.2	2.2
Total	\$ 272.8	\$ 291.6

Obligations in Excess of Fair Values

The tables below show the underfunded pension plans that had obligations in excess of plan assets.

Projected Benefit Obligation

	December 31,	
	2018	2017
	(in millions)	
Projected Benefit Obligation	\$ 291.4	\$ 314.6
Fair Value of Plan Assets	281.0	311.7
Underfunded Projected Benefit Obligation	\$ (10.4)	\$ (2.9)

Accumulated Benefit Obligation

	December 31,	
	2018	2017
	(in millions)	
Accumulated Benefit Obligation	\$ 1.2	\$ 2.2
Fair Value of Plan Assets	—	—
Underfunded Accumulated Benefit Obligation	\$ (1.2)	\$ (2.2)

Estimated Future Benefit Payments and Contributions

SWEP Co expects contributions and payments for the pension plans of \$8 million during 2019. For the pension plans, this amount includes the payment of unfunded nonqualified benefits plus contributions to the qualified trust fund of at least the minimum amount required by the Employee Retirement Income Security Act. For the qualified pension plan, SWEP Co may also make additional discretionary contributions to maintain the funded status of the plan.

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The table below reflects the total benefits expected to be paid from the plan or from the SWEPCo's assets. The payments include the participants' contributions to the plan for their share of the cost. Future benefit payments are dependent on the number of employees retiring, whether the retiring employees elect to receive pension benefits as annuities or as lump sum distributions, future integration of the benefit plans with changes to Medicare and other legislation, future levels of interest rates and variances in actuarial results. The estimated payments for the pension benefits and OPEB are as follows:

Estimated Payments			
Pension Plans		OPEB	
(in millions)			
2019	\$	21.4	\$ 7.1
2020		21.8	7.5
2021		22.9	7.8
2022		23.8	8.0
2023		24.0	8.1
Years 2024 to 2028, in Total		120.5	41.5

Components of Net Periodic Benefit Cost

The following table provides the components of net periodic benefit cost (credit) for the plans:

	Pension Plans		OPEB	
	Years Ended December 31,			
	2018	2017	2018	2017
	(in millions)			
Service Cost	\$ 9.3	\$ 8.7	\$ 0.9	\$ 0.9
Interest Cost	11.3	12.3	2.8	3.6
Expected Return on Plan Assets	(17.3)	(17.0)	(6.4)	(6.3)
Amortization of Prior Service Cost (Credit)	—	0.1	(5.2)	(5.2)
Amortization of Net Actuarial Loss	5.1	4.9	0.6	2.3
Settlements	0.4	—	—	—
Net Periodic Benefit Cost (Credit)	8.8	9.0	(7.3)	(4.7)
Capitalized Portion	(3.1)	(2.7)	(0.3)	1.4
Net Periodic Benefit Cost (Credit) Recognized in Expense	\$ 5.7	\$ 6.3	\$ (7.6)	\$ (3.3)

American Electric Power System Retirement Savings Plan

SWEPCo participates in an AEP sponsored defined contribution retirement savings plan, the American Electric Power System Retirement Savings Plan, for substantially all employees. This qualified plan offers participants an opportunity to contribute a portion of their pay, includes features under Section 401(k) of the Internal Revenue Code and provides for company matching contributions. The matching contributions to the plan are 100% of the first 1% of eligible employee contributions and 70% of the next 5% of contributions. The cost for matching contributions to the retirement savings plans for the years ended December 31, 2018 and 2017 were \$6 million and \$6 million, respectively.

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9. BUSINESS SEGMENTS

SWEP Co has one reportable segment, an electricity generation, transmission and distribution business. SWEP Co's other activities are insignificant.

10. DERIVATIVES AND HEDGING

SWEP Co adopted ASU 2017-12 in the second quarter of 2018, effective January 1, 2018. See Note 2 - New Accounting Pronouncements for additional information.

OBJECTIVES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS

AEPSC is agent for and transacts on behalf of SWEP Co.

SWEP Co is exposed to certain market risks as a major power producer and participant in the electricity, capacity, natural gas, coal and emission allowance markets. These risks include commodity price risks which may be subject to capacity risk, interest rate risk, credit risk and foreign currency exchange risk. These risks represent the risk of loss that may impact SWEP Co due to changes in the underlying market prices or rates. Management utilizes derivative instruments to manage these risks.

STRATEGIES FOR UTILIZATION OF DERIVATIVE INSTRUMENTS TO ACHIEVE OBJECTIVES

Risk Management Strategies

The strategy surrounding the use of derivative instruments primarily focuses on managing risk exposures, future cash flows and creating value utilizing both economic and formal hedging strategies. The risk management strategies also include the use of derivative instruments for trading purposes which focus on seizing market opportunities to create value driven by expected changes in the market prices of the commodities. To accomplish these objectives, SWEP Co primarily employs risk management contracts including physical and financial forward purchase-and-sale contracts and, to a lesser extent, OTC swaps and options. Not all risk management contracts meet the definition of a derivative under the accounting guidance for "Derivatives and Hedging." Derivative risk management contracts elected normal under the normal purchases and normal sales scope exception are not subject to the requirements of this accounting guidance.

SWEP Co utilizes power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other commodity contracts to manage the risk associated with the energy business. SWEP Co utilizes interest rate derivative contracts in order to manage the interest rate exposure associated with the commodity portfolio. For disclosure purposes, such risks are grouped as "Commodity," as these risks are related to energy risk management activities. SWEP Co also utilizes derivative contracts to manage interest rate risk associated with debt financing. For disclosure purposes, these risks are grouped as "Interest Rate." The amount of risk taken is determined by the Commercial Operations and Finance groups in accordance with established risk management policies as approved by the Finance Committee of the Board of Directors.

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The following table represents the gross notional volume of outstanding derivative contracts:

Notional Volume of Derivative Instruments

Primary Risk Exposure	Volume		Unit of Measure
	December 31,		
	2018	2017	
	(in millions)		
Commodity:			
Power	4.5	22.7	MWhs
Natural Gas	15.2	18.3	MMBtus
Heating Oil and Gasoline	0.8	0.8	Gallons

Cash Flow Hedging Strategies

SWEP Co utilizes cash flow hedges on certain derivative transactions for the purchase and sale of power ("Commodity") in order to manage the variable price risk related to forecasted purchases and sales. Management monitors the potential impacts of commodity price changes and, where appropriate, enters into derivative transactions to protect profit margins for a portion of future electricity sales and purchases. SWEP Co does not hedge all commodity price risk.

SWEP Co utilizes a variety of interest rate derivative transactions in order to manage interest rate risk exposure. SWEP Co also utilizes interest rate derivative contracts to manage interest rate exposure related to future borrowings of fixed-rate debt. SWEP Co does not hedge all interest rate exposure.

At times, SWEP Co is exposed to foreign currency exchange rate risks primarily when some fixed assets are purchased from foreign suppliers. In accordance with AEP's risk management policy, SWEP Co may utilize foreign currency derivative transactions to protect against the risk of increased cash outflows resulting from a foreign currency's appreciation against the dollar. SWEP Co does not hedge all foreign currency exposure.

ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND THE IMPACT ON THE FINANCIAL STATEMENTS

The accounting guidance for "Derivatives and Hedging" requires recognition of all qualifying derivative instruments as either assets or liabilities on the balance sheets at fair value. The fair values of derivative instruments accounted for using MTM accounting or hedge accounting are based on exchange prices and broker quotes. If a quoted market price is not available, the estimate of fair value is based on the best information available including valuation models that estimate future energy prices based on existing market and broker quotes, supply and demand market data and assumptions. In order to determine the relevant fair values of the derivative instruments, SWEP Co applies valuation adjustments for discounting, liquidity and credit quality.

Credit risk is the risk that a counterparty will fail to perform on the contract or fail to pay amounts due. Liquidity risk represents the risk that imperfections in the market will cause the price to vary from estimated fair value based upon prevailing market supply and demand conditions. Since energy markets are imperfect and volatile, there are inherent risks related to the underlying assumptions in models used to fair value risk management contracts. Unforeseen events may cause reasonable price curves to differ from actual price curves throughout a contract's term and at the time a contract settles. Consequently, there could be significant adverse or favorable effects on future net income and cash flows if market prices are not consistent with management's estimates of current market consensus for forward prices in

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the current period. This is particularly true for longer term contracts. Cash flows may vary based on market conditions, margin requirements and the timing of settlement of risk management contracts.

According to the accounting guidance for "Derivatives and Hedging," SWEPCo reflects the fair values of derivative instruments subject to netting agreements with the same counterparty net of related cash collateral. For certain risk management contracts, SWEPCo is required to post or receive cash collateral based on third-party contractual agreements and risk profiles. The netted cash collateral from third-parties against short-term and long-term risk management assets and netted cash collateral paid to third-parties against short-term and long-term risk management liabilities were immaterial as of December 31, 2018 and 2017.

The following tables represent the gross fair value of SWEPCo's derivative activity on the balance sheets:

**Fair Value of Derivative Instruments
December 31, 2018**

Balance Sheet Location	Risk Management Contracts - Commodity (a)	Gross Amounts Offset in the Statement of Financial Position (b)	Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)
(in millions)			
Derivative Instrument Assets	\$ 5.6	\$ (0.8)	\$ 4.8
Long-Term Portion of Derivative Instrument Assets	—	—	—
Derivative Instrument Liabilities	3.7	(1.1)	2.6
Long-Term Portion of Derivative Instrument Liabilities	2.2	—	2.2

**Fair Value of Derivative Instruments
December 31, 2017**

Balance Sheet Location	Risk Management Contracts - Commodity (a)	Gross Amounts Offset in the Statement of Financial Position (b)	Net Amounts of Assets/Liabilities Presented in the Statement of Financial Position (c)
(in millions)			
Derivative Instrument Assets	\$ 7.0	\$ (0.6)	\$ 6.4
Long-Term Portion of Derivative Instrument Assets	—	—	—
Derivative Instrument Liabilities	0.8	(0.6)	0.2
Long-Term Portion of Derivative Instrument Liabilities	—	—	—

- (a) Derivative instruments within this category are reported gross. These instruments are subject to master netting agreements and are presented on the balance sheets on a net basis in accordance with the accounting guidance for "Derivatives and Hedging."
- (b) Amounts include counterparty netting of risk management and hedging contracts and associated cash collateral in accordance with the accounting guidance for "Derivatives and Hedging."
- (c) All derivative contracts subject to a master netting arrangement or similar agreement, which are offset in balance sheets.

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The table below presents the activity of derivative risk management contracts:

Location of Gain (Loss)	Amount of Gain (Loss) Recognized on Risk Management Contracts	
	Years Ended December 31,	
	2018	2017
	(in millions)	
Operating Revenues	\$ 0.1	\$ 0.1
Operation Expenses	0.2	0.1
Maintenance Expenses	0.2	0.1
Other Regulatory Assets (a)	(1.2)	0.3
Other Regulatory Liabilities (a)	11.9	24.3
Total Gain (Loss) on Risk Management Contracts	\$ 11.2	\$ 24.9

- (a) Represents realized and unrealized gains and losses subject to regulatory accounting treatment.

Certain qualifying derivative instruments have been designated as normal purchase or normal sale contracts, as provided in the accounting guidance for "Derivatives and Hedging." Derivative contracts that have been designated as normal purchases or normal sales under that accounting guidance are not subject to MTM accounting treatment and are recognized on the statements of income on an accrual basis.

The accounting for the changes in the fair value of a derivative instrument depends on whether it qualifies for and has been designated as part of a hedging relationship and further, on the type of hedging relationship. Depending on the exposure, management designates a hedging instrument as a fair value hedge or a cash flow hedge.

For contracts that have not been designated as part of a hedging relationship, the accounting for changes in fair value depends on whether the derivative instrument is held for trading purposes. Unrealized and realized gains and losses on derivative instruments held for trading purposes are included in revenues on a net basis on the statements of income. Unrealized and realized gains and losses on derivative instruments not held for trading purposes are included in revenues or expenses on the statements of income depending on the relevant facts and circumstances. Certain derivatives that economically hedge future commodity risk are recorded in the same expense line item on the statements of income as that of the associated risk. However, unrealized and some realized gains and losses for both trading and non-trading derivative instruments are recorded as regulatory assets (for losses) or regulatory liabilities (for gains) in accordance with the accounting guidance for "Regulated Operations."

Accounting for Cash Flow Hedging Strategies

For cash flow hedges (i.e. hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), SWEPCo initially reports the gain or loss on the derivative instrument as a component of Accumulated Other Comprehensive Income on the balance sheets until the period the hedged item affects Net Income.

Realized gains and losses on derivative contracts for the purchase and sale of power designated as cash flow hedges are included in Operating Revenues or Operation Expenses on the statements of income or in Other Regulatory Assets or Other Regulatory Liabilities on the balance sheets, depending on the specific nature of the risk being hedged. During the years ended 2018 and 2017, SWEPCo did not apply cash flow hedging to outstanding power derivatives.

SWEPCo reclassifies gains and losses on interest rate derivative hedges related to debt financings from Accumulated Other Comprehensive Income on the balance sheets into Interest on Long-Term Debt on the statements of income in

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those periods in which hedged interest payments occur. During the year ended 2018, SWEPCo applied cash flow hedging to outstanding interest rate derivatives. During the year ended 2017, SWEPCo did not apply cash flow hedging to outstanding interest rate derivatives.

The accumulated gains or losses related to foreign currency hedges are reclassified from Accumulated Other Comprehensive Income on the balance sheets into Depreciation Expense on the statements of income over the depreciable lives of the fixed assets designated as the hedged items in qualifying foreign currency hedging relationships. During the years ended 2018 and 2017, SWEPCo did not apply cash flow hedging to any outstanding foreign currency derivatives.

For details on effective cash flow hedges included in Accumulated Other Comprehensive Income on the balance sheets and the reasons for changes in cash flow hedges, see Note 3.

Cash flow hedges included in Accumulated Other Comprehensive Income on the balance sheets were:

Impact of Cash Flow Hedges on the Balance Sheets

December 31, 2018		December 31, 2017	
Interest Rate			
AOCI Gain (Loss) Net of Tax	Expected to be Reclassified to Net Income During the Next Twelve Months	AOCI Gain (Loss) Net of Tax	Expected to be Reclassified to Net Income During the Next Twelve Months
(in millions)			
\$ (3.3)	\$ (1.5)	\$ (6.0)	\$ (1.4)

The actual amounts reclassified from Accumulated Other Comprehensive Income to Net Income can differ from the estimate above due to market price changes.

Credit Risk

Management mitigates credit risk in wholesale marketing and trading activities by assessing the creditworthiness of potential counterparties before entering into transactions with them and continuing to evaluate their creditworthiness on an ongoing basis. Management uses credit agency ratings and current market-based qualitative and quantitative data as well as financial statements to assess the financial health of counterparties on an ongoing basis.

Master agreements are typically used to facilitate the netting of cash flows associated with a single counterparty and may include collateral requirements. Collateral requirements in the form of cash, letters of credit and parental/affiliate guarantees may be obtained as security from counterparties in order to mitigate credit risk. Some master agreements include margining, which requires a counterparty to post cash or letters of credit in the event exposure exceeds the established threshold. The threshold represents an unsecured credit limit which may be supported by a parental/affiliate guaranty, as determined in accordance with AEP's credit policy. In addition, master agreements allow for termination and liquidation of all positions in the event of a default including a failure or inability to post collateral when required.

Collateral Triggering Events

A limited number of derivative contracts include collateral triggering events, which include a requirement to maintain certain credit ratings. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these collateral triggering events in contracts. SWEPCo has not experienced a downgrade below a specified credit rating threshold that would require the posting of additional collateral. SWEPCo had no derivative contracts with collateral

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triggering events in a net liability position as of December 31, 2018 and 2017.

In addition, a majority of SWEPCo's non-exchange traded commodity contracts contain cross-default provisions that, if triggered, would permit the counterparty to declare a default and require settlement of the outstanding payable. These cross-default provisions could be triggered if there was a non-performance event by Parent or the obligor under outstanding debt or a third party obligation that is \$50 million or greater. On an ongoing basis, AEP's risk management organization assesses the appropriateness of these cross-default provisions in the contracts. Amounts for SWEPCo were immaterial for years ended December 31, 2018 and 2017.

11. FAIR VALUE MEASUREMENTS

Fair Value Measurements of Long-term Debt

The fair values of Long-term Debt are based on quoted market prices, without credit enhancements, for the same or similar issues and the current interest rates offered for instruments with similar maturities classified as Level 2 measurement inputs. These instruments are not marked-to-market. The estimates presented are not necessarily indicative of the amounts that could be realized in a current market exchange.

The book values and fair values of Long-term Debt are summarized in the following table:

December 31,			
2018		2017	
Book Value	Fair Value	Book Value	Fair Value
(in millions)			
\$ 2,613.6	\$ 2,546.1	\$ 2,370.9	\$ 2,551.6

Fair Value Measurements of Financial Assets and Liabilities

For a discussion of fair value accounting and the classification of assets and liabilities within the fair value hierarchy, see the "Fair Value Measurements of Assets and Liabilities" section of Note 1.

The following tables set forth, by level within the fair value hierarchy, SWEPCo's financial assets and liabilities that were accounted for at fair value on a recurring basis. As required by the accounting guidance for "Fair Value Measurements and Disclosures," financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels. There have not been any significant changes in management's valuation techniques.

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**Assets and Liabilities Measured at Fair Value on a Recurring Basis
December 31, 2018**

	Level 1	Level 2	Level 3	Other	Total
	(in millions)				
Assets:					
Derivative Instrument Assets					
Risk Management Commodity Contracts (a) (b)	\$ —	\$ —	\$ 5.6	\$ (0.8)	\$ 4.8
Liabilities:					
Derivative Instrument Liabilities					
Risk Management Commodity Contracts (a) (b)	\$ —	\$ 0.4	\$ 3.3	\$ (1.1)	\$ 2.6

**Assets and Liabilities Measured at Fair Value on a Recurring Basis
December 31, 2017**

	Level 1	Level 2	Level 3	Other	Total
	(in millions)				
Assets:					
Derivative Instrument Assets					
Risk Management Commodity Contracts (a) (b)	\$ —	\$ 0.3	\$ 6.7	\$ (0.6)	\$ 6.4
Liabilities:					
Derivative Instrument Liabilities					
Risk Management Commodity Contracts (a) (b)	\$ —	\$ —	\$ 0.8	\$ (0.6)	\$ 0.2

- (a) Amounts in "Other" column primarily represent counterparty netting of risk management and hedging contracts and associated cash collateral under the accounting guidance for "Derivatives and Hedging."
- (b) Substantially comprised of power contracts.

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2018 and 2017.

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The following tables set forth a reconciliation of changes in the fair value of net trading derivatives classified as Level 3 in the fair value hierarchy:

Year Ended December 31, 2018		Derivative Instrument Assets (Liabilities)
		(in millions)
Balance as of December 31, 2017		\$ 5.9
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)		(4.8)
Settlements		(2.1)
Changes in Fair Value Allocated to Regulated Jurisdictions (c)		3.3
Balance as of December 31, 2018		\$ 2.3

Year Ended December 31, 2017		Derivative Instrument Assets (Liabilities)
		(in millions)
Balance as of December 31, 2016		\$ 0.7
Realized Gain (Loss) Included in Net Income (or Changes in Net Assets) (a) (b)		6.0
Settlements		(6.8)
Changes in Fair Value Allocated to Regulated Jurisdictions (c)		6.0
Balance as of December 31, 2017		\$ 5.9

- (a) Included in revenues on the statements of income.
- (b) Represents the change in fair value between the beginning of the reporting period and the settlement of the risk management commodity contract.
- (c) Relates to the net gains (losses) of those contracts that are not reflected on the statements of income. These net gains (losses) are recorded as regulatory assets/liabilities or accounts payable.

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The following tables quantify the significant unobservable inputs used in developing the fair value of Level 3 positions:

**Significant Unobservable Inputs
December 31, 2018**

	Fair Value		Valuation Technique	Significant Unobservable Input	Input/Range		Weighted Average
	Assets	Liabilities			Low	High	
	(in millions)						
Natural Gas Contracts	\$ —	\$ 2.5	Discounted Cash Flow	Forward Market Price (a)	\$ 2.18	\$ 3.54	\$ 2.47
FTRs	5.6	0.8	Discounted Cash Flow	Forward Market Price (b)	(11.68)	10.30	(1.40)
Total	\$ 5.6	\$ 3.3					

**Significant Unobservable Inputs
December 31, 2017**

	Fair Value		Valuation Technique	Significant Unobservable Input	Input/Range		Weighted Average
	Assets	Liabilities			Low	High	
	(in millions)						
Natural Gas Contracts	\$ —	\$ 0.2	Discounted Cash Flow	Forward Market Price (a)	\$ 2.37	\$ 2.96	\$ 2.62
FTRs	6.7	0.6	Discounted Cash Flow	Forward Market Price (b)	(6.62)	1.41	(0.76)
Total	\$ 6.7	\$ 0.8					

- (a) Represents market prices in dollars per MMBtu.
(b) Represents market prices in dollars per MWh.

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The following table provides sensitivity of fair value measurements to increases (decreases) in significant unobservable inputs related to Energy Contracts, Natural Gas Contracts and FTRs as of December 31, 2018 and 2017:

Sensitivity of Fair Value Measurements

Significant Unobservable Input	Position	Change in Input	Impact on Fair Value Measurement
Forward Market Price	Buy	Increase (Decrease)	Higher (Lower)
Forward Market Price	Sell	Increase (Decrease)	Lower (Higher)

12. INCOME TAXES

Federal Tax Reform and Legislation

In December 2017, Tax Reform legislation was signed into law. Tax Reform includes significant changes to the Internal Revenue Code of 1986, as amended, including lowering the corporate federal income tax rate from 35% to 21%. As a result of this rate change, the Registrants' deferred tax assets and liabilities were remeasured using the newly enacted rate of 21% in December 2017. In response to Tax Reform, the SEC staff issued Staff Accounting Bulletin 118 (SAB 118) in December 2017. SAB 118 provided for up to a one-year period (the measurement period) in which to complete the required analyses and accounting required by Tax Reform.

During 2017, SWEPCo recorded provisional amounts for the income tax effects of Tax Reform. Throughout 2018, SWEPCo continued to assess the impacts of legislative changes in the tax code as well as interpretative changes of the tax code. The measurement period adjustments recorded during 2018 were immaterial.

The measurement period under SAB 118 ended in December 2018. However, Tax Reform uncertainties still remain and SWEPCo will continue to monitor income tax effects that may change as a result of future legislation and further interpretation of Tax Reform based on proposed U.S. Treasury regulations and guidance from the IRS and state tax authorities.

Federal Legislation

The IRS has proposed new regulations that provide guidance regarding the additional first-year depreciation deduction under Section 168(k). The proposed regulations reflect changes as a result of Tax Reform and affect taxpayers with qualified depreciable property acquired and placed in service after September 27, 2017. Generally, AEP's regulated utilities will not be eligible for any bonus depreciation for property acquired and placed in service after January 1, 2018 and AEP's competitive businesses will be eligible for 100% expensing. However, for self-constructed property and other property placed in service in 2018 for which construction began prior to January 1, 2018, taxpayers are required to evaluate the contractual terms to determine if these additions qualify for 100% expensing under Tax Reform or 50% bonus depreciation as provided under prior tax law.

Excess and Deficient Accumulated Deferred Income Taxes as Result of Tax Reform

Accounting guidance for "Income Taxes" requires deferred tax assets and liabilities to be measured at the enacted income tax rate expected to apply when the related temporary differences will be realized or settled. As a result, SWEPCo's deferred tax assets and liabilities were re-measured in December 2017 using the newly enacted tax rate of 21% resulting in excess or deficient accumulated deferred income taxes ("ADIT").

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With respect to SWEPCo's regulated operations, the change to net deferred income taxes was primarily offset by a corresponding change in net income tax related regulatory assets and liabilities to reflect amounts expected to be provided to customers. Where the deferred income tax amount was not previously contemplated in regulated rates or pertained to unregulated operations, the re-measurement was recorded as an adjustment to income tax expense.

The FERC accounts affected by the re-measurement of ADIT include:

- 182.3 Other Regulatory Assets
- 190 Accumulated Deferred Income Taxes
- 254 Other Regulatory Liabilities
- 281 Accumulated Deferred Income Taxes – Accelerated Amortization
- 282 Accumulated Deferred Income Taxes – Other Property
- 283 Accumulated Deferred Income Taxes – Other
- 410.1 Provision for Deferred Income Taxes, Utility Operating Income
- 410.2 Provision for Deferred Income Taxes, Utility Non-Operating Income
- 411.1 Provision for Deferred Income Taxes – Credit, Utility Operating Income
- 411.2 Provision for Deferred Income Taxes – Credit, Utility Non-Operating Income

Tax Reform included certain rate normalization requirements that stipulate how the portion of total excess or deficient ADIT that is related to certain depreciable property must be returned to customers. Specifically, regulated public utilities subject to these rate normalization requirements must recognize the impact of re-measured deferred taxes applicable to prior depreciation using an average rate assumption method. As a result, once the amortization of Excess ADIT is reflected in rates, customers will receive the benefits over the remaining weighted average useful life of the applicable property. The remaining balance of excess or deficient ADIT will be returned to customers via the mechanisms and time periods as agreed to and/or ordered by the APSC, LPSC and PUCT. See "Texas Tax Reform", "2018 Louisiana Formula Rate Filing" and "Arkansas Tax Reform" sections of Note 4 for additional information.

As of December 31, 2018, SWEPCo had \$582 million of Excess ADIT as well as an incremental liability of \$146 million to reflect the Excess ADIT on a pretax basis which is presented in Other Regulatory Liabilities on the balance sheet. \$488 million of the Excess ADIT relates to temporary differences associated with depreciable property.

During 2018, SWEPCo recognized \$16 million of amortization of Excess ADIT within Provision for Deferred Income Taxes – Credit, Utility Operating Income on the statements of income.

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Income Tax Expense

The details of the Registrants' Income Tax Expense before discontinued operations as reported are as follows:

	Years Ended December 31,	
	2018	2017
	(in millions)	
Charged (Credited) to Operating Expenses, Net:		
Current	\$ 32.9	\$ (30.2)
Deferred	(4.2)	91.6
Deferred Investment Tax Credits	(1.4)	(1.4)
Total	<u>27.3</u>	<u>60.0</u>
Charged (Credited) to Non-operating Income, Net:		
Current	(10.4)	(5.1)
Deferred	1.6	1.1
Total	<u>(8.8)</u>	<u>(4.0)</u>
Total Income Taxes	<u>\$ 18.5</u>	<u>\$ 56.0</u>

The following is a reconciliation for SWEPCo between the federal income taxes computed by multiplying pretax income by the federal statutory tax rate and the income taxes reported:

	Years Ended December 31,	
	2018	2017
	(in millions)	
Net Income	\$ 147.2	\$ 124.7
Less: Equity Earnings – Dolet Hills	(2.7)	—
Income Tax Expense	18.5	56.0
Pretax Income	<u>\$ 163.0</u>	<u>\$ 180.7</u>
Income Taxes on Pretax Income at Statutory Rate (21% and 35% in 2018 and 2017, Respectively)	\$ 34.2	\$ 63.2
Increase (Decrease) in Income Taxes Resulting from the Following Items:		
Depreciation	3.4	1.9
Depletion	(3.2)	(5.7)
State and Local Income Taxes, Net	3.2	(3.3)
AFUDC	(1.3)	(0.9)
Tax Reform Adjustments	—	0.7
Tax Reform Excess ADIT Reversal	(16.0)	—
Other	(1.8)	0.1
Income Tax Expense	<u>\$ 18.5</u>	<u>\$ 56.0</u>
Effective Income Tax Rate	11.3%	31.0%

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Net Deferred Tax Liability

The following table shows elements of the net deferred tax liability and significant temporary differences:

	December 31,	
	2018	2017
	(in millions)	
Deferred Tax Assets	\$ 309.2	\$ 337.8
Deferred Tax Liabilities	(1,195.1)	(1,241.1)
Net Deferred Tax Liabilities	\$ (885.9)	\$ (903.3)
Property Related Temporary Differences	\$ (912.1)	\$ (907.4)
Amounts Due to Customers for Future Federal Income Taxes	145.8	135.8
Deferred State Income Taxes (a)	(156.0)	(189.3)
Regulatory Assets	(30.8)	(30.8)
Deferred Income Taxes on Other Comprehensive Loss	1.4	1.3
Capital/Impairment Loss - Turk Plant	15.8	17.4
Net Operating Loss Carryforward	36.2	38.7
All Other, Net	13.8	31.0
Net Deferred Tax Liabilities	\$ (885.9)	\$ (903.3)

- (a) In 2018, SWEPCo recorded a \$34 million correction related to the accounting for the impact of Tax Reform in 2017. The correction resulted in a decrease in Other Regulatory Assets and Accumulated Deferred Income Taxes – Other of \$4 million and \$38 million, respectively, with an offsetting increase in Other Regulatory Liabilities of \$34 thousand as of December 31, 2018. Management concluded the misstatement was not material to the 2017 financial statements or the financial statements of any of the interim periods in 2018.

AEP System Tax Allocation Agreement

SWEPCo joins in the filing of a consolidated federal income tax return. The allocation of the AEP System's current consolidated federal income tax to the AEP System companies allocates the benefit of current tax losses to the AEP System companies giving rise to such losses in determining their current tax expense. The consolidated net operating loss of the AEP System is allocated to each company in the consolidated group with taxable losses. The tax benefit of the Parent is allocated to its subsidiaries with taxable income. With the exception of the allocation of the consolidated AEP System net operating loss, the loss of the Parent and tax credits, the method of allocation reflects a separate return result for each company in the consolidated group.

Federal and State Income Tax Audit Status

SWEPCo and other AEP subsidiaries are no longer subject to U.S. federal examination for years before 2011. The IRS examination of years 2011 through 2013 started in April 2014. AEP and subsidiaries received a Revenue Agents Report in April 2016, completing the 2011 through 2013 audit cycle indicating an agreed upon audit. The 2011 through 2013 audit was submitted to the Congressional Joint Committee on Taxation for approval. The Joint Committee referred the audit back to the IRS exam team for further consideration. To resolve the issue under consideration, SWEPCo, other AEP subsidiaries and the IRS exam team agreed to utilize the Fast Track Settlement Program in December 2017. The

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program was completed in March 2018 and tax years 2014 and 2015 were added to the IRS examination to reflect the impact of the Fast Track changes that were carried forward to 2014 and 2015. In June 2018, SWEPCo and other AEP subsidiaries settled all outstanding issues under audit for tax years 2011-2015. The Joint Committee approved the settlement in November 2018. The settlement did not materially impact SWEPCo's net income, cash flows or financial condition. The IRS examination of 2016 began in October 2018.

SWEPCo and other AEP subsidiaries file income tax returns in various state and local jurisdictions. These taxing authorities routinely examine the tax returns. SWEPCo and other AEP subsidiaries are currently under examination in several state and local jurisdictions. However, it is possible that previously filed tax returns have positions that may be challenged by these tax authorities. Management believes that adequate provisions for income taxes have been made for potential liabilities resulting from such challenges and that the ultimate resolution of these audits will not materially impact net income. SWEPCo is no longer subject to state or local income tax examinations by tax authorities for years before 2007.

Net Income Tax Operating Loss Carryforward

As of December 31, 2018, SWEPCo had state net income tax operating loss carryforwards as indicated in the table below:

State/Municipality	State Net Income Tax Operating Loss Carryforward		Years of Expiration	
	(in millions)			
Arkansas	\$	67.1	2021	- 2023
Louisiana		504.9	2032	- 2037

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Uncertain Tax Positions

The reconciliations of the beginning and ending amounts of unrecognized tax benefits are as follows:

	2018	2017
	(in millions)	
Balance as of January 1,	\$ (0.8)	\$ 1.3
Increase – Tax Positions Taken During a Prior Period	—	1.7
Decrease – Tax Positions Taken During a Prior Period	—	(5.4)
Increase – Tax Positions Taken During the Current Year	—	—
Decrease – Tax Positions Taken During the Current Year	—	—
Decrease – Settlements with Taxing Authorities	—	1.6
Decrease – Lapse of the Applicable Statute of Limitations	—	—
Balance as of December 31,	\$ (0.8)	\$ (0.8)

Management believes that there will be no significant net increase or decrease in unrecognized benefits within 12 months of the reporting date. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate for SWEPCo was \$(639) thousand and \$(580) thousand for 2018 and 2017, respectively.

State Tax Legislation

In June 2018, the United States Supreme Court issued a decision which eliminated a physical presence requirement for the imposition of sales and use tax and instead applied an economic nexus concept. Although this case was specific to sales and use taxes, many states are beginning to consider whether they could also apply this economic nexus concept to income taxes. Management continues to monitor state legislation to determine whether it could create any income tax liability in any states in which SWEPCo currently does not file.

13. LEASES

Leases of property, plant and equipment are for remaining periods up to 10 years and require payments of related property taxes, maintenance and operating costs. Many of the leases have purchase or renewal options. Leases not renewed are often replaced by other leases.

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Lease rentals for both operating and capital leases are generally charged to Operation Expenses and Maintenance Expenses in accordance with rate-making treatment for regulated operations. The components of rental costs were as follows:

	Years Ended December	
	31,	
	2018	2017
	(in millions)	
Net Lease Expense on Operating Leases	\$ 6.4	\$ 5.3
Amortization of Capital Leases	4.6	4.5
Interest on Capital Leases	1.4	1.4
Total Lease Rental Costs	\$ 12.4	\$ 11.2

The following table shows the property, plant and equipment under capital leases and related obligations recorded on SWEPCo's balance sheets.

	December 31,	
	2018	2017
	(in millions)	
Property, Plant and Equipment Under Capital Leases		
Production	\$ 34.3	\$ 33.4
Other Property, Plant and Equipment	12.4	13.5
Total Property, Plant and Equipment	46.7	46.9
Accumulated Amortization	20.7	20.0
Net Property, Plant and Equipment Under Capital Leases	\$ 26.0	\$ 26.9
Obligations Under Capital Leases:		
Noncurrent	\$ 22.0	\$ 22.7
Current	4.0	4.2
Total Obligations Under Capital Leases	\$ 26.0	\$ 26.9

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Future minimum lease payments consisted of the following as of December 31, 2018:

	Capital Leases	Noncancelable Operating Leases
	(in millions)	
2019	\$ 5.3	\$ 7.4
2020	4.9	7.2
2021	4.6	6.7
2022	3.4	6.1
2023	2.7	5.0
Later Years	10.2	11.7
Total Future Minimum Lease Payments	31.1	\$ 44.1
Less Estimated Interest Element	5.1	
Estimated Present Value of Future Minimum Lease Payments	\$ 26.0	

Master Lease Agreements

SWEPCo leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, SWEPCo is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed. As of December 31, 2018, the maximum potential loss by SWEPCo for these lease agreements assuming the fair value of the equipment is zero at the end of the lease term was \$4 million.

Railcar Lease

In 2003, AEP Transportation LLC, a subsidiary of AEP, entered into an agreement with BTM Capital Corporation, as lessor, to lease 875 coal-transporting aluminum railcars. In 2008, AEP Transportation LLC assigned the remaining 848 railcars under the original lease agreement to I&M (390 railcars) and SWEPCo (458 railcars). The assignments are accounted for as operating leases. The initial lease term was five years with three consecutive five-year renewal periods for a maximum lease term of twenty years. SWEPCo exercised all renewal options for the maximum lease term. SWEPCo's future minimum lease obligation was \$7 million for the remaining railcars as of December 31, 2018. This obligation is included in the future minimum lease payments schedule earlier in this note.

Under the remaining five-year lease agreement, the lessor is guaranteed that the sale proceeds under a return-and-sale option will equal at least a lessee obligation amount specified in the lease, which is equal to 77% of the projected fair value of the equipment. SWEPCo assumed the guarantee under the return-and-sale option. SWEPCo's maximum potential loss related to the guarantee was \$5 million as of December 31, 2018, assuming the fair value of the equipment is zero at the end of the current five-year lease term. However, management believes that the fair value would produce a sufficient sales price to avoid any loss.

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14. FINANCING ACTIVITIES

Long-term Debt

The following table details long-term debt outstanding:

	Maturity	Weighted-Average Interest Rate as of December 31, 2018	Interest Rate Ranges as of December 31,		Outstanding as of December 31,	
			2018	2017	2018	2017
Senior Unsecured Notes	2018-2048	4.04%	2.75%-6.20%	2.75%-6.45%	\$ 2,450.0	\$ 2,125.0
Pollution Control Bonds	2018-2019	1.60%	1.60%	1.60%-4.95%	53.5	135.2
Other Long-term Debt	2020	3.75%	3.75%	2.93%	115.0	115.0
Unamortized Discount, Net					(4.9)	(4.3)
Total Long-term Debt					<u>\$ 2,613.6</u>	<u>\$ 2,370.9</u>

As of December 31, 2018, long-term debt was payable as follows:

	(in millions)
2019	\$ 53.5
2020	115.0
2021	—
2022	275.0
2023	—
After 2023	2,175.0
Principal Amount	<u>2,618.5</u>
Unamortized Discount, Net	(4.9)
Total Long-term Debt	<u>\$ 2,613.6</u>

Long-term Debt Subsequent Events

In January 2019, SWEPCo retired \$54 million of 1.60% Pollution Control Bonds due in 2019.

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Dividend Restrictions

SWEPCo pays dividends to Parent provided funds are legally available. Various financing arrangements and regulatory requirements may impose certain restrictions on the ability of SWEPCo to transfer funds to Parent in the form of dividends.

All of the dividends declared by SWEPCo are subject to a Federal Power Act restriction that prohibits the payment of dividends out of capital accounts without regulatory approval; payment of dividends is allowed out of retained earnings only.

SWEPCo has credit agreements that contain covenants that limit their debt to capitalization ratio to 67.5%. The method for calculating outstanding debt and capitalization is contractually-defined in the credit agreements.

The most restrictive dividend limitation for SWEPCo is through the credit agreements. As of December 31, 2018, the maximum amount of restricted net assets of SWEPCo that may not be distributed to the Parent in the form of a loan, advance or dividend was \$1.3 billion.

The credit agreement covenant restrictions can limit the ability of SWEPCo to pay dividends out of retained earnings. As of December 31, 2018, the amount of any such restrictions was \$526 million.

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Corporate Borrowing Program – AEP System

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of the AEP System Utility Money Pool agreement filed with the FERC. The amount of outstanding loans to the Utility Money Pool as of December 31, 2018, is included in Notes Receivable from Associated Companies on the balance sheet. The amount of outstanding borrowings from the Utility Money Pool as of December 31, 2017, is included in Notes Payable to Associated Companies on the balance sheet. SWEPCo's money pool activity and their corresponding authorized borrowing limits are described in the following table:

Years Ended December 31,	Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Loans to (Borrowings from) the Utility Money Pool as of December 31,	Authorized Short-term Borrowing Limit
(in millions)						
2018	\$ 200.1	\$ 533.7	\$ 143.2	\$ 268.1	\$ 81.4	\$ 350.0
2017	187.5	178.6	95.5	169.5	(118.7)	350.0

The maximum, minimum and average interest rates for funds either borrowed from or loaned to the Utility Money Pool are summarized in the following table:

Years Ended December 31,	Maximum Interest Rates for Funds Borrowed from the Utility Money Pool	Minimum Interest Rates for Funds Borrowed from the Utility Money Pool	Maximum Interest Rates for Funds Loaned to the Utility Money Pool	Minimum Interest Rates for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2018	2.52%	1.81%	2.97%	1.83%	2.31%	2.00%
2017	1.85%	0.92%	1.02%	0.94%	1.28%	0.98%

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Interest expense and interest income related to the Utility Money Pool financing relationship are included in Interest on Debt to Associated Companies and Interest and Dividend Income, respectively, on the statements of income. The interest expense and interest income related to the corporate borrowing programs were immaterial for the years ended December 31, 2018 and 2017.

Securitized Accounts Receivables – AEP Credit

Under this sale of receivables arrangement, SWEPCo sells, without recourse, certain of its customer accounts receivable and accrued utility revenue balances to AEP Credit and is charged a fee based on AEP Credit's financing costs, administrative costs and uncollectible accounts experience for SWEPCo's receivables. The costs of customer accounts receivable sold are reported in Other Deductions on the statements of income. SWEPCo manages and services its customer accounts receivable, which are sold to AEP Credit. AEP Credit securitizes the eligible receivables for SWEPCo and retains the remainder.

AEP Credit's receivables securitization agreement provides a commitment of \$750 million from bank conduits to purchase receivables and includes a \$125 million and a \$625 million facility, which expire in July 2020 and 2021, respectively.

The amount of accounts receivable and accrued utility revenues under the sale of receivables agreement as of December 31, 2018 and 2017 were \$150 million and \$138 million, respectively.

The fees paid to AEP Credit for customer accounts receivable sold were \$9 million and \$7 million for the years ended December 31, 2018 and 2017, respectively.

The proceeds on the sale of receivables to AEP Credit were \$1.7 billion and \$1.6 billion for the years ended December 31, 2018 and 2017, respectively.

15. RELATED PARTY TRANSACTIONS

For other related party transactions, also see "AEP System Tax Allocation Agreement" section of Note 12 in addition to "Corporate Borrowing Program – AEP System" and "Securitized Accounts Receivables – AEP Credit" sections of Note 14.

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Operating Agreement

AEPSC conducts power, capacity, coal, natural gas, interest rate and, to a lesser extent, heating oil, gasoline and other risk management activities on behalf of APCo, I&M, KPCo, PSO, SWEPCo and WPCo. Certain power and natural gas risk management activities for APCo, I&M, KPCo and WPCo are allocated based on the four member companies' respective equity positions, while power and natural gas risk management activities for PSO and SWEPCo are allocated based on the Operating Agreement.

System Integration Agreement (SIA)

Under the SIA, AEPSC allocates physical and financial revenues and expenses from transactions with neighboring utilities, power marketers and other power and natural gas risk management activities based upon the location of such activity. Margins resulting from trading and marketing activities originating in PJM generally accrue to the benefit of APCo, I&M, KPCo and WPCo, while trading and marketing activities originating in SPP generally accrue to the benefit of PSO and SWEPCo. Margins resulting from other transactions are allocated among APCo, I&M, KPCo, PSO, SWEPCo and WPCo based upon the equity positions of these companies.

Affiliated Revenues and Purchases

The following table shows the revenues derived from direct sales to affiliates, auction sales to affiliates, net transmission agreement sales and other revenues for the years ended December 31, 2018 and 2017:

Related Party Revenues	Years Ended December 31,	
	2018	2017
	(in millions)	
Direct Sales to AEPEP	\$ —	\$ (0.2)
Transmission Agreement and Transmission Coordination Agreement Sales	26.9	24.2
Other Revenues	1.5	1.9

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Transmission Coordination Agreement (TCA)

PSO, SWEPCo and AEPSC are parties to the TCA in connection with the operation of the transmission assets of PSO and SWEPCo. The TCA has been approved by the FERC and establishes a coordinating committee, which is charged with overseeing the coordinated planning of the transmission facilities of the parties to the agreement. This includes the performance of transmission planning studies, the interaction of such companies with independent system operators and other regional bodies interested in transmission planning and compliance with the terms of the OATT filed with the FERC and the rules of the FERC relating to such a tariff.

Under the TCA, the parties to the agreement delegated to AEPSC the responsibility of monitoring the reliability of their transmission systems and administering the OATT on their behalf. The allocations have been governed by the FERC-approved OATT for the SPP. SWEPCo's net (revenues) expenses allocated among parties to the TCA pursuant to the SPP OATT protocols were \$11 million and \$7 million for the years ended December 31, 2018 and 2017, respectively. The net (revenues) expenses were recorded in Operating Revenues and Operation Expenses on the statements of income.

Cook Coal Terminal

Cook Coal Terminal performs railcar maintenance services at cost for SWEPCo. AEGCo billed SWEPCo \$3 million and \$4 million for the years ended December 31, 2018 and 2017, respectively, for railcar maintenance services. SWEPCo recorded the cost of the railcar maintenance services in Fuel Stock on the balance sheets.

Central Machine Shop

APCo operates a facility which repairs and rebuilds specialized components for the generation plants across the AEP System. SWEPCo recorded billings from APCo of \$1 million and \$1 million as capital or maintenance expenses depending on the nature of the services received for the years ended December 31, 2018 and 2017, respectively. These billings are recoverable from customers.

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Sales and Purchases of Property

SWEP Co had affiliated sales and purchases of electric property amounting to \$100 thousand or more, sales and purchases of meters and transformers, and sales and purchases of transmission property. There were no gains or losses recorded on the transactions. The following table shows the sales and purchases, recorded at net book value, for the years ended December 31, 2018 and 2017:

		Years Ended December 31,	
		2018	2017
		(in millions)	
Sales	\$	0.8	\$ 0.5
Purchases		0.8	0.4

The amounts above are recorded in Utility Plant on the balance sheets.

Intercompany Billings

SWEP Co performs certain utility services for each other when necessary or practical. The costs of these services are billed on a direct-charge basis, whenever possible, or on reasonable basis of proration for services that benefit multiple companies. The billings for services are made at cost and include no compensation for the use of equity capital.

AEPSC

AEPSC provides certain managerial and professional services to SWEP Co. The costs of the services are based on a direct charge or on a prorated basis and billed to SWEP Co at AEPSC's cost. AEPSC and its billings are subject to regulation by the FERC. SWEP Co's total billings from AEPSC were \$164 million and \$151 million for the years ended December 31, 2018 and 2017, respectively.

16. PROPERTY, PLANT AND EQUIPMENT

Depreciation

SWEP Co provides for depreciation of Utility Plant on a straight-line basis over the estimated useful lives of property, generally using composite rates by functional class. The following table provides total regulated annual composite depreciation rates by functional class:

Year	Steam	Other Generation	Transmission (in percentages)	Distribution	General
2018	2.4	2.4	2.2	2.7	8.0
2017	2.3	2.4	2.3	2.7	7.2

The composite depreciation rate generally includes a component for non-ARO removal costs, which is credited to accumulated depreciation on the balance sheets. Actual removal costs incurred are charged to accumulated depreciation.

Asset Retirement Obligations

SWEP Co records ARO in accordance with the accounting guidance for "Asset Retirement and Environmental Obligations" for legal obligations for asbestos removal and for the retirement of certain ash disposal facilities. SWEP Co

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has identified, but not recognized, ARO liabilities related to electric transmission and distribution assets as a result of certain easements on property on which assets are owned. Generally, such easements are perpetual and require only the retirement and removal of assets upon the cessation of the property's use. The retirement obligation is not estimable for such easements since SWEPCo plans to use its facilities indefinitely. The retirement obligation would only be recognized if and when SWEPCo abandons or ceases the use of specific easements, which is not expected.

The following is a reconciliation of the 2018 and 2017 aggregate carrying amounts of ARO:

Year	ARO at January 1,	Accretion Expense	Liabilities Incurred	Liabilities Settled	Revisions in Cash Flow Estimates	ARO at December 31,
(in millions)						
2018	\$ 92.8	\$ 5.5	\$ 0.2	\$ (11.7)	\$ 39.5	126.3
2017	83.5	5.0	—	(0.4)	4.7	92.8

Jointly-owned Electric Facilities

SWEPCo has electric facilities that are jointly-owned with affiliated and nonaffiliated companies. Using its own financing, SWEPCo is obligated to pay its share of the costs of these jointly-owned facilities in the same proportion as its ownership interest. SWEPCo's proportionate share of the operating costs associated with these facilities is included in its statements of income and the investments and accumulated depreciation are reflected in its balance sheets under Utility Plant as follows:

Facility	Fuel Type	Percent of Ownership	Share as of December 31, 2018		
			Utility Plant in Service	Construction Work in Progress	Accumulated Depreciation
			(in millions)		
Dolet Hills Power Station, Unit 1 (a)	Lignite	40.2%	\$ 336.2	\$ 5.1	\$ 209.6
Flint Creek Generating Station, Unit 1 (b)	Coal	50.0%	375.1	1.6	88.9
Pirkey Generating Station, Unit 1 (b)	Lignite	85.9%	591.3	16.6	418.0
Turk Generating Plant (b)(c)	Coal	73.3%	1,590.5	1.1	197.5
Total			\$ 2,893.1	\$ 24.4	\$ 914.0

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Share as of December 31, 2017					
Facility	Fuel Type	Percent of Ownership	Utility Plant in Service	Construction Work in Progress	Accumulated Depreciation
(in millions)					
Dolet Hills Power Station, Unit 1 (a)	Lignite	40.2%	\$ 343.1	\$ 5.3	\$ 214.2
Flint Creek Generating Station, Unit 1 (b)	Coal	50.0%	364.8	8.9	81.6
Pirkey Generating Station, Unit 1 (b)	Lignite	85.9%	589.8	7.8	406.3
Turk Generating Plant (b)(c)	Coal	73.3%	1,580.4	3.2	166.6
Total			\$ 2,878.1	\$ 25.2	\$ 868.7

(a) Operated by CLECO, a nonaffiliated company.

(b) Operated by SWEPCo.

(c) In December 2017, SWEPCo recorded a \$15 million pretax impairment related to the Louisiana jurisdictional share of Turk Plant. Amount reflects the impact of the impairment. See the "Impairments" section of Note 7.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

The following table represents SWEPCo's revenues from contracts with customers, net of respective provisions for refund, by type of revenue:

	Twelve Months Ended December 31, 2018 (in millions)
Retail Revenues:	
Residential Revenues	\$ 645.5
Commercial Revenues	496.4
Industrial Revenues	330.4
Other Retail Revenues	8.6
Total Retail Revenues	<u>1,480.9</u>
Wholesale Revenues:	
Generation Revenues (a)	238.8
Transmission Revenues (a)	108.4
Total Wholesale Revenues	<u>347.2</u>
Other Revenues from Contracts with Customers (a)	23.2
Total Revenues from Contracts with Customers	<u>1,851.3</u>
Other Revenues:	
Alternative Revenues	4.9
Total Other Revenues	<u>4.9</u>
Total Operating Revenues	<u>\$ 1,856.2</u>

(a) Amounts include affiliated and nonaffiliated revenues.

Performance Obligations

SWEPCo has performance obligations as part of its normal course of business. A performance obligation is a promise to transfer a distinct good or service, or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to a customer. The invoice practical expedient within the accounting guidance for "Revenue from Contracts with Customers" allows for the recognition of revenue from performance obligations in the amount of consideration to which there is a right to invoice the customer and when the amount for which there is a right to invoice corresponds directly to the value transferred to the customer.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

The purpose of the invoice practical expedient is to depict an entity's measure of progress toward completion of the performance obligation within a contract and can only be applied to performance obligations that are satisfied over time and when the invoice is representative of services provided to date. SWEPCo elected to apply the invoice practical expedient to recognize revenue for performance obligations satisfied over time as the invoices from the respective revenue streams are representative of services or goods provided to date to the customer. Performance obligations for SWEPCo are summarized as follows:

Retail Revenues

SWEPCo has performance obligations to generate, transmit and distribute electricity for sale to rate-regulated retail customers. The performance obligation to deliver electricity is satisfied over time as the customer simultaneously receives and consumes the benefits provided. Revenues are variable as they are subject to the customer's usage requirements.

Rate-regulated retail customers typically have the right to discontinue receiving service at will, therefore these contracts between SWEPCo and its customers for rate-regulated services are generally limited to the services requested and received to date for such arrangements. Retail customers are generally billed on a monthly basis, and payment is typically due within 15 to 20 days after the issuance of the invoice.

Wholesale Revenues – Generation

SWEPCo has performance obligations to sell electricity to wholesale customers from generation assets in SPP. The performance obligation to deliver electricity from generation assets is satisfied over time as the customer simultaneously receives and consumes the benefits provided. Wholesale generation revenues are variable as they are subject to the customer's usage requirements.

Gross margin resulting from generation sales are primarily subject to margin sharing agreements with customers and vary by state, where the revenues are reflected gross in the disaggregated revenues table above.

Wholesale Revenues - Transmission

SWEPCo has performance obligations to transmit electricity to wholesale customers through assets owned and operated. The performance obligation to provide transmission services in SPP encompass a time frame greater than a year, where the performance obligation within each RTO is partially fixed for a period of one year or less. Payments from the RTO for transmission services are typically received within one week from the issuance of the invoice, which is issued monthly for SPP.

SWEPCo collects revenues through transmission formula rates. The FERC-approved rates establish the annual transmission revenue requirement (ATRR) and transmission service rates for transmission owners. The formula rates establish rates for a one-year period and also include a true-up calculation for the prior year's billings, allowing for over/under-recovery of the transmission owner's ATRR. The annual true-ups meet the definition of alternative revenues in accordance with the accounting guidance for "Regulated Operations," and are presented as such in the disaggregated revenues table above.

PSO, SWEPCo and AEPSC are parties to the Transmission Coordination Agreement (TCA) by and among PSO, SWEPCo and AEPSC, in connection with the operation of the transmission assets of PSO and SWEPCo. Affiliate revenues as a result of the TCA are reflected as Transmission Revenues in the disaggregated revenues table above.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Fixed Performance Obligations

The following table represents the remaining fixed performance obligations satisfied over time as of December 31, 2018. Fixed performance obligations primarily include wholesale transmission services and electricity sales for fixed amounts of energy. The amounts below include affiliated and nonaffiliated revenues.

2019	2020-2021	2022-2023	After 2023	Total
(in millions)				
\$ 35.2	\$ —	\$ —	\$ —	\$ 35.2

Contract Assets and Liabilities

Contract assets are recognized when SWEPCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. SWEPCo did not have any material contract assets as of December 31, 2018.

When SWEPCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheets in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. SWEPCo's contract liabilities typically arise from services provided under joint use agreements for utility poles. SWEPCo did not have any material contract liabilities as of December 31, 2018.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on SWEPCo's balance sheets within the Customer Accounts Receivable line item. SWEPCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Customer Accounts Receivable were not material as of December 31, 2018. See "Securitized Accounts Receivable - AEP Credit" section of Note 14 for additional information.

The amount of affiliated accounts receivable from contracts with customers included in Accounts Receivable from Associated Companies on SWEPCo's balance sheets were \$16 million and \$11 million, respectively, as of December 31, 2018 and January 1, 2018.

Contract Costs

Contract costs to obtain or fulfill a contract for SWEPCo are accounted for under the guidance for "Other Assets and Deferred Costs" and presented as a single asset and are neither bifurcated nor reclassified between current assets and deferred debits on the balance sheets. Contract costs to acquire a contract are amortized in a manner consistent with the transfer of goods or services to the customer in Operation Expenses on the income statements. SWEPCo did not have material contract costs as of December 31, 2018.

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION. AMORTIZATION AND DEPLETION					
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.					
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)		
1	Utility Plant				
2	In Service				
3	Plant in Service (Classified)	8,863,748,140	8,863,748,140		
4	Property Under Capital Leases	25,841,962	25,841,962		
5	Plant Purchased or Sold	64,005	64,005		
6	Completed Construction not Classified	364,639,271	364,639,271		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	9,254,293,378	9,254,293,378		
9	Leased to Others				
10	Held for Future Use	1,291,835	1,291,835		
11	Construction Work in Progress	194,666,171	194,666,171		
12	Acquisition Adjustments	18,043,976	18,043,976		
13	Total Utility Plant (8 thru 12)	9,468,295,360	9,468,295,360		
14	Accum Prov for Depr, Amort, & Depl	3,009,162,258	3,009,162,258		
15	Net Utility Plant (13 less 14)	6,459,133,102	6,459,133,102		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	2,940,140,757	2,940,140,757		
19	Amort & Depl of Producing Nat Gas Land/Land Right				
20	Amort of Underground Storage Land/Land Rights				
21	Amort of Other Utility Plant	50,977,525	50,977,525		
22	Total In Service (18 thru 21)	2,991,118,282	2,991,118,282		
23	Leased to Others				
24	Depreciation				
25	Amortization and Depletion				
26	Total Leased to Others (24 & 25)				
27	Held for Future Use				
28	Depreciation				
29	Amortization				
30	Total Held for Future Use (28 & 29)				
31	Abandonment of Leases (Natural Gas)				
32	Amort of Plant Acquisition Adj	18,043,976	18,043,976		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	3,009,162,258	3,009,162,258		

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
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Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
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FOOTNOTE DATA			

Schedule Page: 200 Line No.: 33 Column: c

Formula Rate uses 13 month average.

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)				
1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent. 2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.				
Line No.	Description of item (a)	Balance Beginning of Year (b)	Changes during Year Additions (c)	
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)			
2	Fabrication			
3	Nuclear Materials			
4	Allowance for Funds Used during Construction			
5	(Other Overhead Construction Costs, provide details in footnote)			
6	SUBTOTAL (Total 2 thru 5)			
7	Nuclear Fuel Materials and Assemblies			
8	In Stock (120.2)			
9	In Reactor (120.3)			
10	SUBTOTAL (Total 8 & 9)			
11	Spent Nuclear Fuel (120.4)			
12	Nuclear Fuel Under Capital Leases (120.6)			
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)			
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)			
15	Estimated net Salvage Value of Nuclear Materials in line 9			
16	Estimated net Salvage Value of Nuclear Materials in line 11			
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing			
18	Nuclear Materials held for Sale (157)			
19	Uranium			
20	Plutonium			
21	Other (provide details in footnote):			
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)			

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)					
Changes during Year				Balance	Line
Amortization (d)	Other Reductions (Explain in a footnote) (e)		End of Year (f)	No.	
					1
					2
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Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

- Report below the original cost of electric plant in service according to the prescribed accounts.
- In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization	12,202	
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant	87,205,158	27,947,635
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)	87,217,360	27,947,635
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights	26,969,480	
9	(311) Structures and Improvements	631,661,744	7,576,575
10	(312) Boiler Plant Equipment	2,649,360,628	38,823,447
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units	720,411,848	22,218,114
13	(315) Accessory Electric Equipment	234,210,933	9,101,760
14	(316) Misc. Power Plant Equipment	213,829,223	2,728,210
15	(317) Asset Retirement Costs for Steam Production	76,451,906	39,499,340
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)	4,552,895,762	119,947,446
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	1,451,852	
38	(341) Structures and Improvements	34,886,948	67,098
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators	84,006,952	1,741
42	(345) Accessory Electric Equipment	8,926,715	154,260
43	(346) Misc. Power Plant Equipment	779,475	24,095
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	130,051,942	247,194
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	4,682,947,704	120,194,640

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)				
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	
47	3. TRANSMISSION PLANT			
48	(350) Land and Land Rights	93,422,208	5,625,495	
49	(352) Structures and Improvements	13,209,421	5,272,460	
50	(353) Station Equipment	601,495,948	40,845,881	
51	(354) Towers and Fixtures	40,593,959	482,535	
52	(355) Poles and Fixtures	583,457,285	96,969,866	
53	(356) Overhead Conductors and Devices	346,895,951	51,250,667	
54	(357) Underground Conduit	96,306	2,735,208	
55	(358) Underground Conductors and Devices	7,675	68,757	
56	(359) Roads and Trails	131,947		
57	(359.1) Asset Retirement Costs for Transmission Plant			
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	1,679,310,700	203,250,869	
59	4. DISTRIBUTION PLANT			
60	(360) Land and Land Rights	11,335,439	83,766	
61	(361) Structures and Improvements	6,250,118	2,966,952	
62	(362) Station Equipment	297,602,271	24,756,053	
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures	426,516,222	25,996,792	
65	(365) Overhead Conductors and Devices	435,742,901	19,298,952	
66	(366) Underground Conduit	65,026,470	2,548,540	
67	(367) Underground Conductors and Devices	215,516,591	8,276,805	
68	(368) Line Transformers	382,054,600	17,792,549	
69	(369) Services	88,602,838	4,223,850	
70	(370) Meters	83,098,533	2,933,431	
71	(371) Installations on Customer Premises	43,401,329	1,668,910	
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems	41,577,285	1,111,927	
74	(374) Asset Retirement Costs for Distribution Plant			
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	2,096,724,597	111,658,527	
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT			
77	(380) Land and Land Rights			
78	(381) Structures and Improvements			
79	(382) Computer Hardware			
80	(383) Computer Software			
81	(384) Communication Equipment			
82	(385) Miscellaneous Regional Transmission and Market Operation Plant			
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper			
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)			
85	6. GENERAL PLANT			
86	(389) Land and Land Rights	18,643,207	1,732,103	
87	(390) Structures and Improvements	102,945,448	2,599,697	
88	(391) Office Furniture and Equipment	10,044,533	14,728	
89	(392) Transportation Equipment	4,118,518		
90	(393) Stores Equipment	2,927,596	87,276	
91	(394) Tools, Shop and Garage Equipment	25,506,640	1,735,321	
92	(395) Laboratory Equipment	5,501,273		
93	(396) Power Operated Equipment	759,762		
94	(397) Communication Equipment	32,816,087	8,792,847	
95	(398) Miscellaneous Equipment	2,551,388	137,801	
96	SUBTOTAL (Enter Total of lines 86 thru 95)	205,814,452	15,099,773	
97	(399) Other Tangible Property	88,415,559	1,340,265	
98	(399.1) Asset Retirement Costs for General Plant	937,494	233,235	
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	295,167,505	16,673,273	
100	TOTAL (Accounts 101 and 106)	8,841,367,866	479,724,944	
101	(102) Electric Plant Purchased (See Instr. 8)		64,005	
102	(Less) (102) Electric Plant Sold (See Instr. 8)			
103	(103) Experimental Plant Unclassified			
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	8,841,367,866	479,788,949	

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)				
distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.				
7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.				
8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.				
9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date				
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
			12,202	2
				3
8,726,757			106,426,036	4
8,726,757			106,438,238	5
				6
				7
			26,969,480	8
6,489,529		210,087	632,958,877	9
21,350,135			2,666,833,940	10
				11
12,807,482			729,822,480	12
1,498,279			241,814,414	13
409,924			216,147,509	14
			115,951,246	15
42,555,349		210,087	4,630,497,946	16
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				34
				35
				36
			1,451,852	37
4,523			34,949,523	38
				39
				40
			84,008,693	41
82,688			8,998,287	42
158			803,412	43
				44
87,369			130,211,767	45
42,642,718		210,087	4,760,709,713	46

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			99,047,703		48
153,184			18,328,697		49
3,892,065		-210,087	638,239,677		50
183,090			40,893,404		51
6,141,835			674,285,316		52
1,571,753			396,574,865		53
			2,831,514		54
			76,432		55
			131,947		56
					57
11,941,927		-210,087	1,870,409,555		58
					59
			11,419,205		60
4,848			9,212,222		61
3,371,697			318,986,627		62
					63
4,170,607			448,342,407		64
4,115,586			450,926,267		65
38,964			67,536,046		66
679,704			223,113,692		67
8,477,857			391,369,292		68
203,929			92,622,759		69
1,451,998			84,579,966		70
1,293,262			43,776,977		71
					72
660,983			42,028,229		73
					74
24,469,435			2,183,913,689		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			20,375,310		86
1,036,376			104,508,769		87
154,963			9,904,298		88
			4,118,518		89
4,691			3,010,181		90
			27,241,961		91
			5,501,273		92
9,845			749,917		93
3,424,206			38,184,728		94
286,322			2,402,867		95
4,916,403			215,997,822		96
			89,755,824		97
8,159			1,162,570		98
4,924,562			306,916,216		99
92,705,399			9,228,387,411		100
			64,005		101
					102
					103
92,705,399			9,228,451,416		104

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Southwestern Electric Power Company	(1) ☒ An Original (2) ☐ A Resubmission	(Mo, Da, Yr) / /	2018/Q4
FOOTNOTE DATA			

Schedule Page: 204 Line No.: 46 Column: g

Formula Rate uses 13 month average. Production demand and energy are identified by a query of plant accounting system.

Schedule Page: 204 Line No.: 49 Column: g

GSU (Generator Step-up) portion of total transmission accounts 352 & 353 identified by a query of the plant accounting system. GSU's serve as a generation component and are included in rate base for production plant.

Schedule Page: 204 Line No.: 50 Column: g

GSU (Generator Step-up) portion of total transmission accounts 352 & 353 identified by a query of the plant accounting system. GSU's serve as a generation component and are included in rate base for production plant.

Schedule Page: 204 Line No.: 58 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 75 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 86 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 87 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 88 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 89 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 90 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 91 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 92 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 94 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 95 Column: g

Formula Rate uses 13 month average.

Schedule Page: 204 Line No.: 97 Column: g

Formula Rate uses 13 month average.

Name of Respondent Southwestern Electric Power Company	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
FOOTNOTE DATA			

Schedule Page: 204 Line No.: 104 Column: g

Formula Rate uses 13 month average.

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
ELECTRIC PLANT LEASED TO OTHERS (Account 104)					
Line No.	Name of Lessee (Designate associated companies with a double asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47	TOTAL				

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.

2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)
1	Land and Rights:			
2				
3	Cardnell Road 138KV Substation (1062)	5/1/09	2021	393,043
4				
5				
6				
7				
8				
9				
10				
11	Items under \$250,000			898,792
12				
13				
14				
15				
16				
17				
18				
19				
20				
21	Other Property:			
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47	Total			1,291,835

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
CONSTRUCTION WORK IN PROGRESS -- ELECTRIC (Account 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (107) 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts) 3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.				
Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)		
1				
2	Ds-SEP-La-AI Pole Replacement	1,314,468		
3	WSH U0 DBA Conversion	1,119,345		
4	SWEPCo Distr Pre Eng Parent	4,928,843		
5	SEP/LA/Network Monitor Design	4,656,691		
6	DA Distribution Line - Texas	2,508,206		
7	Maximo Imp - SEP - D	1,818,890		
8	Maximo Imp - SEP - G	5,781,328		
9	Maximo Imp - SEP - T	1,390,929		
10	SWEPCO Next Gen Radio Sys	3,893,694		
11	SWEPCO Next Gen Radio Sys	2,735,384		
12	PRK Controls BMS CC	8,967,057		
13	FGD CONTROLS UPGRADE	1,706,222		
14	Pirkey Landfill Area K Cell 1	1,231,720		
15	PRK Landfill	3,162,906		
16	D/SW-TX/Major Equip Purchase	2,707,909		
17	Trans statn Renew-Refurb SWEPC	8,660,730		
18	Tran stat Renew-Refurb SW-shdw	2,751,536		
19	ARSENAL HILL-LONGWOOD	3,179,695		
20	DNGR FLD-LONE STAR PP	1,932,159		
21	BANN-SUGARHILL-39TH STREET	1,620,779		
22	SWEPCO: Mt Pleasant-New Boston	3,392,832		
23	SWEPCO: Clarendon-NW Memphis	4,658,772		
24	SWEPCO: NW Memphis-W Childress	6,430,447		
25	SWEPCO: Pilgrims Pride-W Mt PI	4,772,189		
26	SWEPCo Transco Line RB SHADOW	13,114,713		
27	T/SW/CapBlnkt-SW ShadowParent	1,751,765		
28	T/SW/Capital Blanket - SWEPCo	3,440,008		
29	SWEPCO Transmission Work	4,638,994		
30	Shadow for SWEPCo Transmission work	2,383,673		
31	SWEPCO Transmission Work	8,938,788		
32	Shadow: SWEPCO Transmission	4,437,393		
33	SWEPCO T	5,370,460		
34	Shadow for SWEPCo Transmission work	2,746,829		
35	SWEPCo Trans Pre Eng Parent	5,349,227		
36	WSH U0 Coal Car Dumper Replace	4,310,211		
37	WS-CI-SEPCo-G PPB	14,916,759		
38	Ed-Ci-Sepco-D Ast Imp	1,525,240		
39	Ss-Ci-Sepco-D Gen Plt	2,622,309		
40	Other Minor Projects Which is under \$1,000,000	33,797,071		
41				
42				
43	TOTAL	194,666,171		

Name of Respondent Southwestern Electric Power Company	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
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Schedule Page: 216 Line No.: 1 Column: b

Pollution Control & Other Production CWIP identified by a query of the plant accounting system. (Formula Rates)

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	2,821,835,975	2,821,835,975		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	218,869,801	218,869,801		
4	(403.1) Depreciation Expense for Asset Retirement Costs	1,463,559	1,463,559		
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):	1,425,607	1,425,607		
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	221,758,967	221,758,967		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	83,978,642	83,978,642		
13	Cost of Removal	27,853,070	27,853,070		
14	Salvage (Credit)	7,933,261	7,933,261		
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	103,898,451	103,898,451		
16	Other Debit or Cr. Items (Describe, details in footnote):	444,266	444,266		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	2,940,140,757	2,940,140,757		

Section B. Balances at End of Year According to Functional Classification

20	Steam Production	1,470,119,107	1,470,119,107		
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production	33,831,734	33,831,734		
25	Transmission	524,323,474	524,323,474		
26	Distribution	741,994,209	741,994,209		
27	Regional Transmission and Market Operation				
28	General	169,872,233	169,872,233		
29	TOTAL (Enter Total of lines 20 thru 28)	2,940,140,757	2,940,140,757		

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FOOTNOTE DATA			

Schedule Page: 219 Line No.: 8 Column: c

Depreciation expense classified to account 151	\$694,767
Amortize TX & FERC portions of ARO Ash Pond costs in account 1823099	-5,093
Louisiana asbestos ARO depreciation expense classified to account 1080013	158,167
Louisiana ash pond ARO depreciation expense classified to account 1823099	577,766
Total	\$1,425,607

Schedule Page: 219 Line No.: 13 Column: c

Includes \$4,510,337 of removal cost in retirement work in progress (RWIP).

Schedule Page: 219 Line No.: 14 Column: c

Includes (\$4,220,457) of salvage charges in retirement work in progress (RWIP).

Schedule Page: 219 Line No.: 16 Column: c

ARO Reserve in account 1080013	\$ -724,669
Reclassify deferred depreciation and accretion expense on the closure of ARO liability from Shreveport McNeil Street Office	- 27,119
Reserve for Dolet Hills FAS 143 ARO, account 1080012	1,196,054
Total	\$ 444,266

Schedule Page: 219 Line No.: 25 Column: c

Formula Rate uses 13 month average.

Accumulated Depreciation provision of GSU (Generator Step-up) related investment in accounts 352 and 353 identified by a query of the plant accounting system. (Formula Rates)

Schedule Page: 219 Line No.: 26 Column: c

Formula Rate uses 13 month average.

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)					
1. Report below investments in Accounts 123.1, investments in Subsidiary Companies. 2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h) (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate. (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal. 3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.					
Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)	
1	Southwest Arkansas Utilities Corp. 100 shares, \$100 par value				
2	common stock	03/24/28	NA	10,000	
3	SUBTOTAL			10,000	
4					
5	The Arklaoma Corporation - Dissolved in 2018				
6	160 shares, \$100 par value common stock	12/09/47	NA	16,000	
7	78 shares 1997, \$100 par value common stock (1)	07/31/96	NA	54,912	
8	Dividends/Adjustments			-44,800	
9	20.5% of Equity in Undistributed Earnings			145,222	
10	SUBTOTAL			171,334	
11					
12	Dolet Hills Lignite Company (2)	06/01/2001	NA		
13	Investment			8,087,121	
14	Dividends			-20,215,155	
15	Equity in Undistributed Earnings			31,569,255	
16	SUBTOTAL			19,441,221	
17					
18	Oxbow Lignite Company, LLC (3)	12/29/09	NA		
19	Investment			12,872,791	
20	Additional Investments (2016 Cash Infusion)			5,473,685	
21	Dividends			-885,148	
22	SUBTOTAL			17,461,328	
23					
24	Mutual Energy SWEPCO, LLC	08/21/15	NA		
25	Investment			1,943,764	
26	Equity in Undistributed Earnings			30,010	
27	SUBTOTAL			1,973,774	
28					
29					
30	(1) Authorized by the SEC in File No. 70-8763;				
31	Release No. 35-26511, dated April 26, 1996				
32	Transaction recorded in 1997.				
33	Percentage change November 2017				
34					
35	(2) Interim financing authorized by the Arkansas				
36	Public Service Commission in Docket No. 01-146-U				
37	Order No. 1, dated July 6, 2001.				
38					
39	(3) Commission Authorization contained in the				
40	Arkansas Docket No. 09-055-U Order No. 4 December 22, 2009,				
41	and Louisiana Order No. U-30975 September 30, 2009				
42	Total Cost of Account 123.1 \$	0	TOTAL	39,057,657	

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
		10,000		2
		10,000		3
				4
				5
			-10,612	6
				7
				8
				9
			-10,612	10
				11
				12
		8,087,121		13
		-20,215,155		14
2,670,887		34,240,133		15
2,670,887		22,112,099		16
				17
				18
		12,872,791		19
		5,473,685		20
		-885,148		21
		17,461,328		22
				23
				24
		1,943,764		25
36,140		66,150		26
36,140		2,009,914		27
				28
				29
				30
				31
				32
				33
				34
				35
				36
				37
				38
				39
				40
				41
2,707,027		41,593,341	-10,612	42

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
MATERIALS AND SUPPLIES					
1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material. 2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.					
Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)	
1	Fuel Stock (Account 151)	80,574,650	83,159,278	Electric	
2	Fuel Stock Expenses Undistributed (Account 152)	1,502,762	1,581,795	Electric	
3	Residuals and Extracted Products (Account 153)				
4	Plant Materials and Operating Supplies (Account 154)				
5	Assigned to - Construction (Estimated)	26,629,733	28,940,254	Electric	
6	Assigned to - Operations and Maintenance				
7	Production Plant (Estimated)	40,202,805	37,568,273	Electric	
8	Transmission Plant (Estimated)	107,954	167,005	Electric	
9	Distribution Plant (Estimated)	804,706	735,169	Electric	
10	Regional Transmission and Market Operation Plant (Estimated)				
11	Assigned to - Other (provide details in footnote)	77,735	108,356	Electric	
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	67,822,933	67,519,057		
13	Merchandise (Account 155)				
14	Other Materials and Supplies (Account 156)				
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)				
16	Stores Expense Undistributed (Account 163)				
17					
18					
19					
20	TOTAL Materials and Supplies (Per Balance Sheet)	149,900,345	152,260,130	Electric	

Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
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FOOTNOTE DATA			

Schedule Page: 227 Line No.: 1 Column: c

Formula Rate uses 13 month average.

Schedule Page: 227 Line No.: 11 Column: c

Assigned to - Other: Includes Customer Accounts and Administrative and General Expenses (applies to both beginning and ending balances).

Schedule Page: 227 Line No.: 12 Column: c

Formula Rate uses 13 month average. Production materials and supplies are identified by a query of the general ledger system.

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
Allowances (Accounts 158.1 and 158.2)					
1. Report below the particulars (details) called for concerning allowances. 2. Report all acquisitions of allowances at cost. 3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts. 4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k). 5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.					
Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year		2019	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	473,040.00		72,752.00	
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	-4.00			
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509	21,825.00			
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	451,211.00		72,752.00	
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year	580.00		580.00	
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales	580.00			
40	Balance-End of Year			580.00	
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)		63		
45	Gains		63		
46	Losses				

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transfersors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2020		2021		Future Years		Totals		Line
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	No.
72,752.00		72,752.00		1,891,551.00		2,582,847.00		1
								2
								3
				64,489.00		64,485.00		4
								5
								6
								7
								8
								9
								10
								11
								12
								13
								14
								15
								16
								17
						21,825.00		18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
72,752.00		72,752.00		1,956,040.00		2,625,507.00		29
								30
								31
								32
								33
								34
								35
580.00		580.00		57,838.00		60,158.00		36
				1,661.00		1,661.00		37
								38
				581.00		1,161.00		39
580.00		580.00		58,918.00		60,658.00		40
								41
								42
								43
					21			84
					21			84
								46

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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Allowances (Accounts 158.1 and 158.2)

- Report below the particulars (details) called for concerning allowances.
- Report all acquisitions of allowances at cost.
- Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
- Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
- Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year		2019	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year	33,430.00	90,008		
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)	23,288.00		4,495.00	
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9	Consumers Energy Company	660.00	105,426		
10					
11					
12					
13					
14					
15	Total	660.00	105,426		
16					
17	Relinquished During Year:				
18	Charges to Account 509	17,335.00	170,385		
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year	40,043.00	25,049	4,495.00	
30					
31	Sales:				
32	Net Sales Proceeds (Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transferrors of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2020		2021		Future Years		Totals		Line
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	No.
						33,430.00	90,008	1
								2
								3
4,495.00						32,278.00		4
								5
								6
								7
								8
						660.00	105,426	9
								10
								11
								12
								13
								14
						660.00	105,426	15
								16
								17
						17,335.00	170,385	18
								19
								20
								21
								22
								23
								24
								25
								26
								27
								28
4,495.00						49,033.00	25,049	29
								30
								31
								32
								33
								34
								35
								36
								37
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								43
								44
								45
								46

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>	
EXTRAORDINARY PROPERTY LOSSES (Account 182.1)						
Line No.	Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognised During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20	TOTAL					

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of <u>2018/Q4</u>	
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)							
Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a)	Total Amount of Charges (b)	Costs Recognised During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
21							
22							
23							
24							
25							
26							
27							
28							
29							
30							
31							
32							
33							
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41							
42							
43							
44							
45							
46							
47							
48							
49	TOTAL						

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
Transmission Service and Generation Interconnection Study Costs					
1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies. 2. List each study separately. 3. In column (a) provide the name of the study. 4. In column (b) report the cost incurred to perform the study at the end of period. 5. In column (c) report the account charged with the cost of the study. 6. In column (d) report the amounts received for reimbursement of the study costs at end of period. 7. In column (e) report the account credited with the reimbursement received for performing the study.					
Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	Transmission Studies				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	Generation Studies				
22					
23					
24					
25					
26					
27					
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33					
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35					
36					
37					
38					
39					
40					

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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OTHER REGULATORY ASSETS (Account 182.3)

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	SFAS 109 Deferred Federal Income Tax	69,608,874		282 / 283	7,104,848	62,504,026
2	SFAS 109 Deferred State Income Tax	189,260,844	4,217,117	283		193,477,961
3						
4	SFAS 106 Medicare Subsidy (Amortization					
5	period Jan 2013 - Dec 2024)	3,733,168		926	533,310	3,199,858
6						
7	VEMCO - Deferred Due Diligence Expense					
8	LPSC Docket No. U-31351	33,032		593	33,032	
9						
10	Unrealized Gain/Loss on Forward Commitments		3,403,027	Various	2,148,442	1,254,585
11						
12	Deferral of Fuel Underrecovery - Arkansas	14,065,695	6,553,970	440 - 444	3,658,551	16,961,114
13						
14	Deferral of Fuel Underrecovery - Louisiana		6,261,130	557	4,392,088	1,869,042
15						
16	Asset Retirement Obligation - Ash Ponds - SFAS 143	4,489,390	1,345,886	4031/4111	17,932	5,817,344
17						
18	SFAS No. 158 - Employers' Accounting for Defined			129 / 190		
19	Benefit Pension and Other Postretirement Plans	93,667,518	14,354,323	219 / 2283	5,745,002	102,276,839
20						
21	Various Rate Case Expenses Pending Future					
22	Approval for Collection from State Commission					
23	Authorities	4,283,537	566,556			4,850,093
24						
25	Rate Case Expenses Approved for Recovery					
26	in PUCT Final Orders:	2,733,405		928	1,919,064	814,341
27	PUCT Docket 42370 - 3 Years beg Aug 2015					
28	PUCT Docket 46449 - 3 Years beg Feb 2018					
29						
30	Underrecovery of Energy Efficiency Program					
31	Expenses - Louisiana	(26,021)	26,021			
32						
33	Underrecovery of Energy Efficiency Program			440 - 442		
34	Expenses - Texas	2,456,341	1,729,433	& 907	2,524,872	1,660,902
35						
36	Underrecovery of Energy Efficiency Program			440 - 444		
37	Expenses - Arkansas	1,659,243	1,284,241	& 908	2,943,484	
38						
39	Deferred Front End Engineering and Design Study					
40	Costs for Carbon Capture Storage - pending					
41	APSC (Arkansas Public Service Commission)					
42	approval.	470,075		506	23,216	446,859
43						
44	TOTAL	431,266,306	47,239,061		36,634,016	441,871,351

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4	
OTHER REGULATORY ASSETS (Account 182.3)						
1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable. 2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes. 3. For Regulatory Assets being amortized, show period of amortization.						
Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS Written off During the Quarter/Year Account Charged (d) Written off During the Period Amount (e)		Balance at end of Current Quarter/Year (f)
1	Louisiana 2009 Formula Rate Plan (FRP) Excess					
2	Refunds. Approved for recovery in 2015 FRP					
3	over 15 months, beginning May 2017.	54,955		440 - 444	54,955	
4						
5	Louisiana 2013 Formula Rate Plan (FRP)					
6	Excess Refunds	120,157				120,157
7						
8	Deferred Shihe Road - King River					
9	SPP Transmission Project Expense	3,264,403	406,912	4073	2,178,029	1,493,286
10						
11	Deferred 2010 Severance Costs Recovery per					
12	LPSC Docket No. U-32220 Amortization 5 years					
13	beginning in March 2013	269,941		506	269,941	
14						
15	Deferred Arkansas Environmental Chemical Costs					
16	per Docket No. 14-080-U	2,122,776	929,236			3,052,012
17						
18						
19	Underrecovered Environmental Adjustment					
20	Clause - Louisiana	246,994	638,102	509	751,390	133,706
21						
22	2015 SPP Formula Rate True-up - 3rd Party					
23	Schedule 11 Base Plan Funding - SPP					
24	Zone 1	181,703	4,590,758	456	145,203	4,627,258
25						
26	Welsh Power Plant Unit 2 Asbestos ARO					
27	Texas Portion - to be amortized over 24					
28	years per PUCT Docket No. 46449	508,194		4073	7,120	501,074
29						
30	Welsh/Flint Creek Power Plants - Environmental					
31	Deferral - LPSC Docket No. U-34200			403 / 4081		
32	Amortized over 15 Years beginning May 2017	15,316,479		& 431	1,068,591	14,247,888
33						
34	Deferred O&M Expenses related to City of					
35	Shreveport Sewer Work per LPSC Docket					
36	No. U-32220, Feb 2016. Approved for					
37	recovery in LPSC Docket No. U-34200 over					
38	15 months beginning May 2017.	551,611	660,329	Various	123,244	1,088,696
39						
40	Louisiana 2015 Formula Rate Plan Asset -					
41	Southwest Power Pool Deferral (LPSC					
42	Docket No. U-34200) - to be Amortized			431, 456		
43	over 4 years beginning Aug 2018	4,617,287	199,825	& 565	501,782	4,315,330
44	TOTAL	431,266,306	47,239,061		36,634,016	441,871,351

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2018/Q4</u>
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1						
2	Welsh Power Plant Unit 2 Texas Portion -					
3	Recovery of Retired Undepreciated					
4	Balance per PUCT Docket No. 46449	17,576,705		4073	489,920	17,086,785
5						
6	Underrecovery of the Feedback of Excess					
7	Deferred Federal Income Tax due to					
8	2018 Federal Tax Rate Changes		72,195			72,195
9						
10						
11						
12						
13						
14						
15						
16						
17						
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42						
43						
44	TOTAL	431,266,306	47,239,061		36,634,016	441,871,351

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4	
MISCELLANEOUS DEFERRED DEBITS (Account 186)						
1. Report below the particulars (details) called for concerning miscellaneous deferred debits. 2. For any deferred debit being amortized, show period of amortization in column (a) 3. Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$100,000, whichever is less) may be grouped by classes.						
Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS Account Charged (d) Amount (e)		Balance at End of Year (f)
1	Agency Fees - Factored Accounts			142/184		
2	Receivable	2,764,074	242,755	4265		3,006,829
3						
4	Associated Business Development					
5	Billings and Deferred Projects	2,364,290	9,439,634	Various	10,940,855	863,069
6						
7	Unamortized Credit Line Fees					
8	Amortization period through					
9	June 2022	497,233	160,294	431	39,385	618,142
10						
11	Sabine Mine Preparation - Rusk					
12	County, TX - Amortization					
13	based on tons mined	13,793,764		151	536,649	13,257,115
14						
15	Deferred Expenses -					
16	Disposition of Fuel	109,553	31,521	Various	435,026	-293,952
17						
18	Deferred Expense -					
19	Underrecovery of Transsource					
20	Missouri	-260,877	525,783	146/565	7,849	257,057
21						
22	Deferred Rate Case Expense	97,948	96,415	1823	105,776	88,587
23						
24	Marshall South Mine Preparation					
25	Amortization begins when mining					
26	starts based on units of					
27	production	17,311		151	17,311	
28						
29	Deferred Leased Assets	235,313	393,267	Various	502,345	126,235
30						
31	Dolet Hills Reclamation Advance	17,118,863	966,197	Various	6,543,854	11,541,206
32						
33	Minor Items < \$100,000	123	2,619			2,742
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	36,737,595				29,467,030

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2	Accrued Book ARO Expense SFAS 143	32,465,379	26,529,479
3	NOL State Deferred Tax Asset	47,528,631	45,856,832
4	Accrued Mine Reclamation	11,845,996	8,453,529
5	Disallowed Costs - Turk Plant	18,724,392	11,009,943
6	NOL Federal Deferred Tax Asset	1,930,282	
7	Other	30,875,131	27,604,160
8	TOTAL Electric (Enter Total of lines 2 thru 7)	143,369,811	119,453,943
9	Gas		
10			
11			
12			
13			
14			
15	Other		
16	TOTAL Gas (Enter Total of lines 10 thru 15)		
17	Other (Specify)	194,428,108	189,762,308
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	337,797,919	309,216,251

Notes

<Page 234, Line 17, Columns B & C	Beginning of Year	End of Year
Non - Utility - 190.2	\$ 1,619,185	\$ (1,666)
SFAS 109 - Regulatory Assets - 190.3 & 190.4	191,511,476	187,741,648
Accumulated Deferred Income Taxes		
- Federal - Pension - OCI	(599,902)	589,633
Accumulated Deferred Income Taxes		
- Federal - Hedging - Int Rate	1,897,349	1,432,693
Total Line 17	\$194,428,108	\$ 189,762,308

Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Southwestern Electric Power Company			2018/Q4
FOOTNOTE DATA			

Schedule Page: 234 Line No.: 18 Column: b

Formula Rate uses 13 month average.

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CAPITAL STOCKS (Account 201 and 204)					
1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible. 2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.					
Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)	
1	Common Stock (Account 201)	7,600,000	18.00		
2					
3	TOTAL COMMON STOCK	7,600,000			
4					
5					
6	Preferred Stock (Account 204) - None				
7					
8					
9					
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
- Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		No.
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
7,536,640	135,659,520					1
						2
7,536,640	135,659,520					3
						4
						5
						6
						7
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OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
(b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
(c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
(d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1	Donations Received from Stockholders (Account 208) - None	
2		
3	Reduction in Par or Stated Value of Capital Stock (Account 209) - None	
4		
5	Gain on Resale or Cancellation of	
6	Reacquired Capital Stock (Account 210)	
7		
8	5.00% Series 2010	972,446
9	4.65% Series 2010	473,021
10	4.28% Series 2010	661,470
11		
12	Subtotal - Account 210	2,106,937
13		
14	Miscellaneous Paid in Capital (Account 211)	
15	Capital Contribution from Parent	674,443,764
16		
17	Subtotal - Account 211	674,443,764
18		
19		
20		
21		
22		
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39		
40	TOTAL	676,550,701

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
CAPITAL STOCK EXPENSE (Account 214)				
1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock. 2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.				
Line No.	Class and Series of Stock (a)	Balance at End of Year (b)		
1				
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20				
21				
22 TOTAL				

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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LONG-TERM DEBT (Account 221, 222, 223 and 224)

- Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
- In column (a), for new issues, give Commission authorization numbers and dates.
- For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
- For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
- For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
- In column (b) show the principal amount of bonds or other long-term debt originally issued.
- In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
- For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
- Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1			
2	Account 221, Bonds - None		
3	Account 222, Reacquired Bonds - None		
4	Account 223 - Advances from Associated Companies - None		
5			
6	Account 224 - Other Long-Term Debt		
7			
8	Pollution Control Revenue Bonds, Series 2010 Remarketing, 1.60%	53,500,000	398,311
9	FERC Authority under ES15-7-000		
10			
11	Sabine River Authority of Texas	81,700,000	544,017
12	Pollution Control Revenue Bonds, Series 2006 - 4.95%		
13			
14	Senior Unsecured Notes Series F, 5.875%	300,000,000	2,158,471
15			1,092,000 D
16			
17	Senior Unsecured Notes Series G, 6.45%	400,000,000	2,862,789
18			504,000 D
19			
20	Senior Unsecured Notes Series H, 6.20%	350,000,000	3,509,108
21			147,000 D
22			
23	Senior Unsecured Notes Series I, 3.55%	275,000,000	2,145,615
24			1,130,250 D
25			
26	Senior Unsecured Notes Series I, 3.55% - Financial Hedges		
27			
28			
29	Senior Unsecured Notes Series J, 3.90%	400,000,000	3,980,775
30			3,568,000 D
31			
32			
33	TOTAL	3,400,200,000	35,710,099

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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LONG-TERM DEBT (Account 221, 222, 223 and 224)

1. Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
2. In column (a), for new issues, give Commission authorization numbers and dates.
3. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
4. For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
5. For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
6. In column (b) show the principal amount of bonds or other long-term debt originally issued.
7. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
8. For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
9. Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Account 224 - Other Long-Term Debt (Continued)		
2			
3	Senior Unsecured Notes Series K, 2.75%	400,000,000	2,925,034
4			416,000 D
5			
6	Senior Unsecured Notes Series L, 3.85%	450,000,000	4,656,209
7	FERC Authority ES17-43-000		958,500 D
8			
9	Senior Unsecured Notes Series M, 4.10%	575,000,000	4,369,257
10	FERC Authority ES18-32-000		
11			
12	Texas Local Bank Facility, Variable Rate, Issued 2nd Qtr 2017	115,000,000	344,763
13	FERC Authority ES15-56-000		
14			
15	Total Account 224	3,400,200,000	35,710,099
16			
17	NOTE - The interest in Column (i) for the year does not include the amount in		
18	Account 430, Interest on Debt to Associated Companies, relating to interest on		
19	short-term borrowings which are included in Account 233 - Notes Payable to		
20	Associated Companies.		
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33	TOTAL	3,400,200,000	35,710,099

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
						4
						5
						6
						7
1/2/2015	1/1/2019	1/2/2015	1/1/2019	53,500,000		8
						9
						10
04/11/2008	03/01/2018	04/11/2008	03/01/2018		1,584,037	11
						12
						13
12/04/2007	03/01/2018	12/04/2007	03/01/2018		2,937,500	14
						15
						16
06/09/2008	01/15/2019	06/09/2008	01/15/2019		21,141,667	17
						18
						19
03/15/2010	03/15/2040	03/15/2010	03/15/2040	350,000,000	21,700,000	20
						21
						22
2/03/2012	2/15/2022	2/3/2012	2/15/2022	275,000,000	9,762,500	23
						24
						25
					2,125,250	26
						27
						28
3/26/2015	4/1/2045	3/26/2015	4/1/2045	400,000,000	15,600,000	29
						30
						31
						32
				2,618,500,000	113,112,579	33

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
09/29/2016	10/01/2026	09/29/2016	10/01/2026	400,000,000	11,000,000	3
						4
						5
01/22/2018	02/01/2048	01/22/2018	02/01/2048	450,000,000	16,314,375	6
						7
						8
09/13/2018	9/15/2028	09/13/2018	9/15/2028	575,000,000	7,072,500	9
						10
						11
06/28/2017	06/28/2020	06/28/2017	06/28/2020	115,000,000	3,874,750	12
						13
						14
				2,618,500,000	113,112,579	15
						16
						17
						18
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						26
						27
						28
						29
						30
						31
						32
				2,618,500,000	113,112,579	33

Name of Respondent Southwestern Electric Power Company	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
FOOTNOTE DATA			

Schedule Page: 256 Line No.: 11 Column: a

The Sabine River Authority of Texas Pollution Control Revenue Bonds, Series 2006, at 4.95% for \$81,700,000 were retired on 03/01/2018. There were no unamortized amounts related to this issuance.

Schedule Page: 256 Line No.: 14 Column: a

The Senior Unsecured Notes Series F of \$300,000,000 at 5.85% was retired on 03/01/2018. There were no unamortized amounts related to this issuance.

Schedule Page: 256.1 Line No.: 6 Column: a

New Issuance for Senior Unsecured Notes Series L of \$450,000,000 at 3.85% on 01/22/2018, maturity date 02/01/2048.

Schedule Page: 256.1 Line No.: 9 Column: a

New Issuance for Senior Unsecured Notes Series M of \$575,000,000 at 4.10% on 09/13/2018, maturity date 9/15/2028.

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.
2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.
3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	147,240,218
2		
3		
4	Taxable Income Not Reported on Books	
5		
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10		
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15		
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20		
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	113,261,380
28	Show Computation of Tax:	
29	See Footnote	
30		
31		
32		
33		
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Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Southwestern Electric Power Company			
FOOTNOTE DATA			

Schedule Page: 261 Line No.: 29 Column: b

	In (000's)
Net Income for the year per Page 117	147,240
Federal and State Income Taxes	18,503
Pretax Book Income	165,743
Increase (Decrease) in Taxable Income resulting from:	
Allowance for Funds Used During Construction and Other Differences	
Between Items Capitalized for Books and Expensed for Tax	(2,622)
Accrued Company-wide Incentive Plan	8,658
Book/Tax Unit of Property Adj	(45,901)
Capitalized Relocation Costs	(789)
Capitalized Software	(16,985)
Deferred Fuel Costs (Net)	(4,764)
Disallowed Costs - Turk Plant	(1,463)
Disallowed Costs - PUCT	743
Equity in Earnings of Subsidiary Companies	(2,707)
Excess Tax Vs Book Depreciation	21,004
Depletion	(14,271)
Mark-to-Market	(789)
Mine Reclamation	1,553
Pension Expenses (Net)	4,311
Premium/Loss on Reacquired Debt (Net)	(2,708)
Provision for Revenue Refund	40,315
Regulatory Assets	3,741
Regulatory Liabilities	0
Removal Costs	(26,629)
SFAS 106 - Post Retirement Benefit Expense Accrued/Funded (Net)	(7,960)
SFAS 112 - Post Employment Benefit Expense Accrued/Funded (Net)	708
Unbilled Revenue	(702)
Other (Net)	(3,720)
Less Current Year Current State Income Tax	1,505
Federal Tax Net Income - Estimated Current Year Taxable Income (Separate Return Basis)	113,261

Computation of Tax *

Federal Income Tax on Current Year Taxable Income. (Separate Return Basis) at the Statutory Rate of 21%		23,785
Adjustment due to System Consolidation	(a)	(606)
Estimated Tax Currently Payable	(b)	23,179
Tax Credit Carryforward		(1,378)
NOL Deferred Tax Asset		(5,588)
Alternative Minimum Tax Credit		1
Research and Development Credit		(302)
Other Adjustments		1,999
Adjustments of Prior Year's Accruals (Net)		2,275
Estimated Current Federal Income Taxes (Net)		20,186

Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Southwestern Electric Power Company			2018/Q4
FOOTNOTE DATA			

- (a) Represents the allocation of the estimated current year net operating tax loss of American Electric Power Company, Inc.
- (b) The Company joins in the filing of a consolidated Federal income tax return with its affiliated companies in the AEP system. The allocation of the AEP System's consolidated Federal income tax to the System companies allocates the benefit of current tax losses to the System companies giving rise to them in determining their current tax expense. The tax loss of the System parent company, American Electric Power Company, Inc., is allocated to its subsidiaries with taxable income. With the exception of the loss of the parent company, the method of allocation approximates a separate return result for each company in the consolidating group.

INSTRUCTION 2.

- * The tax computation above represents an estimate of the Company's allocated portion of the System consolidated Federal income tax. The computation of actual 2018 System Federal income taxes will not be available until the consolidated Federal income tax return is completed and filed by October 2019. The actual allocation of the System consolidated Federal income tax to the members of the consolidated group will not be available until after the consolidated Federal income tax return is filed.

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Louisiana State Taxes					
2	Louisiana Ad Valorem - 2016					
3	Louisiana Ad Valorem - 2017	289,615		5	289,620	
4	Louisiana Ad Valorem - 2018			25,641,944	25,641,944	
5						
6	LA State Franchise	-378,956		3,829,584	5,006,000	
7	Louisiana Income Tax	-12,756		2,214,788	245,000	
8	LA Occup Lic Fees - 2018			80,475	80,475	
9	LA Local Franchise - 2017	1,895,116	57,865	57,865	1,895,116	
10	LA Local Franchise - 2018			8,876,087	6,919,965	
11	Unemployment - LA 2018	1,653		4,427	4,201	
12						
13	State License Registration			35	35	
14	LA Insp Fees 2017	90,000		12,799	102,799	
15	LA Insp Fees 2018			516,047	408,047	
16	LA Use - 2017	485,548		675,077	1,160,625	
17	LA Use - 2018			5,179,170	4,766,600	
18						
19	Nebraska State Taxes					
20	NE Income Tax	-967		2,260		
21	NE Use - 2017	279		121	400	
22	NE Use - 2018			6,095	6,002	
23	Unemployment - NE 2017					
24	State License Registration			17,060	17,060	
25						
26	Oklahoma State Taxes					
27	Oklahoma Ad Valorem - 2016					
28	Oklahoma Ad Valorem - 2017	265,842		-183	265,659	
29	Oklahoma Ad Valorem - 2018			451,464	165,681	
30						
31	State License Registration			10	10	
32	OK State Franchise			20,100	20,100	
33	OK Income	-271		8,643		
34	OK Use Tax - 2017	35,802	20,087	-3,110	12,605	
35	OK Use Tax - 2018			123,252	113,812	
36	OK Sales Tax License - 2016					
37						
38	Texas State Taxes					
39	TX Income Tax	1,093,787		-22,088	377,425	
40	TX Gross Receipts - 2018			6,693,737	6,693,737	
41	TOTAL	36,075,778	881,552	158,995,168	156,676,121	-1,356,243

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	TX Local Franchise-2017	1,824,250			1,824,250	
2	Unemployment - TX 2018	16,896		46,947	45,123	
3	TX PUC-2017	442,326		492,168	934,494	
4	TX PUC-2018			467,244		
5	Texas State Taxes Continued					
6	TX Use-2016			208,982	208,982	
7	TX Use-2017	985,276		82,250	1,428,650	
8	TX Use-2018			4,504,419	4,431,547	
9	TX Use-Audit Provision	311,500		-311,500		
10	TX Sales Tax - 2018			12,016,145	12,016,145	
11	TX Local Franchise-2018			9,276,014	7,453,585	
12						
13	Texas Ad Valorem - 2016					
14	Texas Ad Valorem - 2017	15,120,790		-545,142	14,573,392	
15	Texas Ad Valorem - 2018			21,516,788	4,397,731	
16						
17	Federal Taxes					
18	Income Tax	-2,678,011		19,938,546	20,386,028	
19	Income Tax FIN 48	1,109,106		247,137		-1,356,243
20	FICA - 2018	999,037		11,259,756	10,708,588	
21	Unemployment - 2018	29,341		70,106	66,432	
22	Federal Excise Tax - 2017			518	518	
23	Federal Excise Tax - 2018			5,630	5,630	
24						
25	Delaware State Taxes					
26	State Franchise Delaware	15,100		80,575	80,575	
27	State License Registration			14,575	14,575	
28						
29	Arkansas State Taxes					
30	Income	-1,087,564		116,298	-1,088,000	
31	State Franchise			164,276	164,276	
32						
33	Arkansas Ad Valorem - 2016					
34	Arkansas Ad Valorem - 2017	15,111,000		184,608	15,295,608	
35	Arkansas Ad Valorem - 2018			15,200,000		
36						
37	Unemployment - AR 2018	18,030		11,952	22,109	
38	AR Local Franchise-2011					
39	AR PUC Fees 2017	276,000		313,752	589,752	
40	AR PUC Fees 2018			294,000		
41	TOTAL	36,075,778	881,552	158,995,168	156,676,121	-1,356,243

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	AR Use-2017	625,167		41,167	681,128	
2	AR Use-2018			8,861,081	8,124,549	
3	AR Sales Tax - 2017		803,600		-803,600	
4	AR Sales Tax - 2018				774,000	
5	State License Registration			188	188	
6						
7	Ohio State Taxes					
8	Income Tax					
9	OH CAT Tax - 2017			2	2	
10	OH CAT Tax - 2018			102	102	
11						
12	Virginia State Taxes					
13	State License Registration					
14						
15	State Income Taxes - FIN 48	-807,158			95,924	
16						
17						
18	Railcar - WV 2017			1,561	1,561	
19	Railcar - WY 2017			9,473	9,473	
20						
21	Railcar - MO 2018			39,886	39,886	
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	36,075,778	881,552	158,995,168	156,676,121	-1,356,243

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (i) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
						2
		125,521			-125,516	3
		25,299,390			342,554	4
						5
-1,555,372		3,829,584				6
1,957,032		3,178,098			-963,310	7
		80,475				8
					57,865	9
2,006,464	50,342	8,933,952			-57,865	10
1,880		2,890			1,537	11
						12
		35				13
		12,799				14
108,000		516,047				15
		213			674,864	16
412,570		24			5,179,146	17
						18
						19
1,292		2,606			-346	20
					121	21
93					6,095	22
						23
		17,060				24
						25
						26
						27
		-183				28
285,783		446,464			5,000	29
						30
		10				31
		20,100				32
8,372		11,611			-2,968	33
					-3,110	34
9,703	263	1			123,251	35
						36
						37
						38
694,275		-22,088				39
		6,693,737				40
36,531,637	824,605	132,444,703			26,550,465	41

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
						1
18,720		29,763			17,184	2
		492,168				3
467,244		467,244				4
						5
		185,277			23,705	6
-361,124					82,250	7
72,872		564			4,503,855	8
		-311,500				9
					12,016,145	10
1,822,429		9,276,014				11
						12
						13
2,256		-545,142				14
17,119,057		21,100,588			416,200	15
						16
						17
-3,575,493		28,829,618			-8,891,072	18
		247,137				19
1,550,205		7,075,764			4,183,992	20
33,016		45,003			25,103	21
		518				22
		5,630				23
						24
						25
15,100		80,575				26
		14,575				27
						28
						29
116,734		608,663			-492,365	30
		164,276				31
						32
						33
		180,378			4,230	34
15,200,000		14,741,710			458,290	35
						36
7,873		-570			12,522	37
						38
		313,752				39
294,000		294,000				40
36,531,637	824,605	132,444,703			26,550,465	41

Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4	
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)						
5. If any tax (exclude Federal and State income taxes)- covers more than one year, show the required information separately for each tax year, identifying the year in column (a). 6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses. 7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority. 8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts. 9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.						
BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
-14,794		32			41,135	1
736,532		28			8,861,053	2
						3
	774,000					4
		188				5
						6
						7
						8
		2				9
		102				10
						11
						12
						13
						14
-903,082						15
						16
						17
					1,561	18
					9,473	19
						20
					39,886	21
						22
						23
						24
						25
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						27
						28
						29
						30
						31
						32
						33
						34
						35
						36
						37
						38
						39
						40
36,531,637	824,605	132,444,703			26,550,465	41

Name of Respondent Southwestern Electric Power Company	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
FOOTNOTE DATA			

Schedule Page: 262.1 Line No.: 10 Column: a

Consists of a prepayment for sales tax only; a collect & remit tax. Beginning in 2009, included for purposes of reporting all prepaid tax activity.

Schedule Page: 262.1 Line No.: 19 Column: f

This adjustment is for FIN 48 deferred taxes in the payable account that had an offset to accounts 410.1 and 411.1 in the amount of \$1,356,243.

Schedule Page: 262.2 Line No.: 4 Column: a

Consists of a prepayment for sales tax only; a collect & remit tax. Beginning in 2009, included for purposes of reporting all prepaid tax activity.

Name of Respondent Southwestern Electric Power Company	This Report Is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%	5,906,253			411.4	1,422,225	
6							
7							
8	TOTAL	5,906,253				1,422,225	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
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Name of Respondent Southwestern Electric Power Company		This Report Is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)					
Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.		
			1		
			2		
			3		
			4		
4,484,028			5		
			6		
			7		
4,484,028			8		
			9		
			10		
			11		
			12		
			13		
			14		
			15		
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Name of Respondent	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Southwestern Electric Power Company			
FOOTNOTE DATA			

Schedule Page: 266 Line No.: 8 Column: i

Remaining amortization period of 13 Years.