

PSO

	December 31,	
	2020	2019
	(in millions)	
Deferred Tax Assets	\$ 239.8	\$ 257.4
Deferred Tax Liabilities	(928.3)	(885.7)
Net Deferred Tax Liabilities	\$ (688.5)	\$ (628.3)
Property Related Temporary Differences	\$ (661.8)	\$ (627.6)
Amounts Due to Customers for Future Income Taxes	118.5	127.2
Deferred State Income Taxes	(107.7)	(100.4)
Regulatory Assets	(39.1)	(44.6)
Net Operating Loss Carryforward	12.9	10.2
All Other, Net	(11.3)	6.9
Net Deferred Tax Liabilities	\$ (688.5)	\$ (628.3)

SWEPCo

	December 31,	
	2020	2019
	(in millions)	
Deferred Tax Assets	\$ 338.1	\$ 359.6
Deferred Tax Liabilities	(1,355.7)	(1,300.5)
Net Deferred Tax Liabilities	\$ (1,017.6)	\$ (940.9)
Property Related Temporary Differences	\$ (985.1)	\$ (947.6)
Amounts Due to Customers for Future Income Taxes	162.7	169.8
Deferred State Income Taxes	(214.7)	(200.3)
Regulatory Assets	(26.2)	(30.2)
Net Operating Loss Carryforward	33.4	38.2
All Other, Net	12.3	29.2
Net Deferred Tax Liabilities	\$ (1,017.6)	\$ (940.9)

AEP System Tax Allocation Agreement

AEP and subsidiaries join 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 loss of the parent company (Parent Company Loss Benefit) to the AEP System subsidiaries with taxable income reducing their current tax expense proportionately. The consolidated NOL of the AEP System is allocated to each company in the consolidated group with taxable losses. With the exception of the allocation of the consolidated AEP System NOL, 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 Income Tax Audit Status

The statute of limitations for the IRS to examine AEP and subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, AEP and subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified AEP that it was beginning an examination of these amended returns, including the NOL carryback to 2015 that originated in the 2017 return. As of December 31, 2020, the IRS has not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount AEP claimed on the amended returns.