

BEFORE THE CORPORATION COMMISSION OF THE STATE OF OKLAHOMA

APPLICATION OF PUBLIC SERVICE COMPANY)
OF OKLAHOMA, AN OKLAHOMA)
CORPORATION, FOR AN ADJUSTMENT IN ITS)
RATES AND CHARGES AND THE ELECTRIC)
SERVICE RULES, REGULATIONS AND)
CONDITIONS OF SERVICE FOR ELECTRIC)
SERVICE IN THE STATE OF OKLAHOMA)

CAUSE NO. PUD 202100055



DIRECT TESTIMONY OF

ANDREW R. CARLIN

ON BEHALF OF

PUBLIC SERVICE COMPANY OF OKLAHOMA

APRIL 2021

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EXHIBIT ARC-7	2020 PSO ICP Framework

1 I. INTRODUCTION

2 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

3 A. My name is Andrew R. Carlin, and my business address is 1 Riverside Plaza,
4 Columbus, Ohio 43215.

5 Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?

6 A. I am employed by American Electric Power Service Corporation (AEPSC), a wholly
7 owned subsidiary of American Electric Power Companies, Inc. (AEP), as Director
8 Compensation & Executive Benefits. AEP is the parent company of Public Service
9 Company of Oklahoma (PSO or the Company). AEPSC supplies engineering,
10 financing, accounting, human resources, and similar administrative, planning, and
11 advisory services to AEP's regulated operating companies and other AEP subsidiaries.
12 In this testimony, I refer to PSO and AEPSC collectively as the Companies.

13 Q. PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND
14 BUSINESS EXPERIENCE.

15 A. I received a Bachelor of Arts Degree from Bowdoin College in 1988 with majors in
16 both Economics and Government. I also received a Master of Business Administration
17 Degree from the J. L. Kellogg Graduate School of Management at Northwestern
18 University in 1992, with concentrations in finance, management strategy, and
19 accounting.

20 From 1987 to 1988, I worked for Putnam Investor Services as a Shareholder
21 Services Representative. From 1988 to 1990 and in the summer of 1991, I worked as
22 an Associate Consultant and Research Analyst in the U.S. Compensation Practice for
23 William M. Mercer, a leading international human resource consulting firm. From 1992

1 to 2000, I worked for Bank One Corporation, now J.P. Morgan Chase, in multiple
2 planning, finance and compensation capacities.

3 I joined AEPSC as the Director of Executive Compensation & Benefits in 2000.

4 In 2002, I took responsibility for employee compensation in addition to executive
5 compensation and benefits.

6 Q. BRIEFLY DESCRIBE YOUR DUTIES AND RESPONSIBILITIES AS DIRECTOR
7 – COMPENSATION AND EXECUTIVE BENEFITS.

8 A. With assistance from other members of the Total Rewards department and oversight
9 from AEP management, I am primarily responsible for designing and administering
10 compensation and executive benefits programs that attract, engage, motivate, and
11 enable the Companies to retain current and prospective employees with the skills and
12 experience needed to provide service to customers effectively, efficiently, and safely.
13 These programs are components of a Total Compensation program designed to be
14 market-competitive overall. The Total Rewards team conducts ongoing research and
15 recommends changes to compensation and benefit programs to maintain compensation
16 and benefits at reasonable, prudent, and market-competitive levels in order to achieve
17 these objectives. The team also develops communications materials in support of
18 compensation and benefit programs and monitors compliance with federal and state
19 regulations related to compensation and benefits.

20 Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE CORPORATION
21 COMMISSION OF OKLAHOMA (OCC OR THE COMMISSION) OR ANY
22 OTHER REGULATORY COMMISSION?

1 A. Yes. I have testified in person or submitted written testimony in many regulatory
2 proceedings, including several before the OCC on behalf of PSO. Please see EXHIBIT
3 ARC-1 for a listing of these proceedings.

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

5 A. The purpose of my testimony is to demonstrate that the compensation and benefits the
6 Companies offer employees is customary, prudent, and necessary for the provision of
7 reliable electric service safely, efficiently, effectively and at a reasonable cost to PSO
8 customers. I will demonstrate that each component of these programs, and the programs
9 in total, are prudently designed, effectively managed, and market-competitive. I will
10 also describe many actions taken by the Companies' management to reduce the growth
11 of compensation and benefits expense. I will also show that the provision of market-
12 competitive compensation and benefits is necessary for the attraction and retention of
13 employees with the skills and experience necessary to provide reliable electric service,
14 at a reasonable cost, to PSO customers.

15 My testimony will demonstrate that reasonable, market-competitive
16 compensation includes a combination of both Base Pay and Incentive Compensation
17 that benefits customers by improving the cost and quality of the work that employees
18 perform for customers. The Company is requesting the target level of annual or short-
19 term incentive (STI) compensation and the target level of long-term incentive (LTI)
20 compensation be included in its cost of service, which is substantially less than the
21 actual level of STI and LTI compensation in the test year.

1 I will also address misconceptions regarding the supplemental excess
2 retirement plan (SERP) and show that this expense is reasonable and appropriate to be
3 included in the Company's cost of service

4 Q. ARE YOU SPONSORING ANY EXHIBITS OR SCHEDULES?

5 A. Yes, I am sponsoring the numerous exhibits listed in the table of contents to my
6 testimony. I am not sponsoring any schedules.

7 EXHIBIT ARC-1 lists my previous rate case testimony. EXHIBIT ARC-2 lists
8 the compensation surveys used during the test year. EXHIBITS ARC-3, ARC-4, ARC-
9 5 and ARC-6 compare the companies' compensation to market benchmarks for
10 Technical, Craft and Clerical positions; nonexempt salaried positions; exempt
11 positions; and executive positions, respectively. EXHIBIT ARC-7 provides the 2020
12 PSO ICP Framework.

13 These exhibits support the reasonableness of AEP's compensation levels as
14 compared to other non-affiliated utility employers. It is a standard practice in
15 compensation design to rely on resources such as the survey data included in my
16 exhibits to gauge the reasonableness of employee compensation.

1 II. OVERVIEW OF COMPENSATION PRACTICES

2 Q. WHAT ARE THE COMPENSATION TERMS USED IN THIS TESTIMONY?

3 A. The Companies compensate all employees, except coop students and interns, with a
4 combination of a fixed base wage or salary (Base Pay) and a variable annual short-term
5 incentive (STI) compensation opportunity. I refer to the sum of these two types of
6 compensation (Base Pay + STI) as Total Cash Compensation (TCC).

7 Approximately 1,230 AEP positions also have a regular annual long-term
8 incentive (LTI) compensation opportunity. These positions generally require unique
9 skills and involve roles for which long-term continuity, prudence, and vision are
10 required.

11 Total Compensation (Total Compensation) is comprised of Base Pay, STI
12 compensation and, for eligible positions, LTI compensation: (Base Pay + STI + LTI =
13 Total Compensation). I refer to the sum of STI and LTI, if applicable, collectively as
14 Incentive Compensation. Total Compensation and TCC are the same for employees
15 who do not have an LTI opportunity.

16 I refer to the Target value of Incentive Compensation as (Target STI), (Target
17 LTI) or (Target Incentive Compensation). When Target values of Incentive
18 Compensation are combined with Base Pay, I refer to these values as Target TCC (Base
19 Pay + Target STI = Target TCC) or Target Total Compensation (Base Pay + Target
20 STI + Target LTI = Target Total Compensation).

21 Q. PLEASE DESCRIBE THE VARIOUS TYPES OF EMPLOYEES THAT WORK FOR
22 THE COMPANIES AND HOW EACH TYPE OF EMPLOYEE IS COMPENSATED.

1 A. The Companies employ physical, craft, and technical employees, such as line
2 mechanics and general servicers who are paid an hourly wage, with the potential for
3 overtime and shift premiums, along with an STI opportunity. Wage increases for these
4 employees primarily take the form of an annual general wage increase, which ensures
5 that the Companies' wages keep pace with labor market inflation. The Companies also
6 provide equity adjustments, when needed, to address gaps to market-competitive wages
7 and to standardize wages with those of other AEP operating companies. The
8 Companies negotiate wage rates and wage increases for most physical, craft, and
9 technical employees with labor unions as part of a collective bargaining agreement.
10 The Companies consider reasonable and market-competitive compensation rates in
11 determining its position for labor negotiations. Collectively bargained rates are
12 generally mirrored in setting wages for unrepresented physical, craft, and technical
13 employees. As a result, the wages the Companies offer to employees for both
14 represented and unrepresented physical, craft, and technical positions are closely
15 aligned with market-competitive compensation.

16 Physical, craft, and technical employees also progress through job steps and job
17 levels as they accumulate the experience and other qualifications needed to perform
18 more demanding, dangerous, and difficult work safely. For example, in order to
19 progress from Line Mechanic B, step 4, Line Mechanics must complete the experience
20 and other qualifications for the Line Mechanic A, step 1 level. Once an employee
21 progresses to a new job step or level, they begin receiving both the pay and work
22 responsibilities associated with the higher position.

1 The Companies also employ non-exempt salaried employees as well as exempt
2 professional, managerial, and executive employees. Employees in these types of
3 positions participate in an annual performance review and merit pay program, along
4 with the annual STI program. Some professional positions, most managerial positions,
5 and all executive positions also participate in an LTI program. AEPSC's compensation
6 team compares the compensation for these positions to market survey information to
7 assign or reassign positions to salary grade levels and recommend compensation and
8 other changes to maintain Total Compensation at reasonable and market-competitive
9 levels.

10 Q. DO THE COMPANIES FACE COMPETITION FOR SUITABLE EMPLOYEES?

11 A. Yes, the Companies are in continuous competition to attract and retain suitable
12 employees for nearly all types of positions. The competition is particularly stiff and
13 relentless for fully trained employees with the necessary skills and experience needed
14 to provide service to customers efficiently, effectively and safely. The Companies'
15 current and prospective employees largely have other options and no pressing need to
16 accept or continue an employment relationship with the Companies. The Companies
17 compete for these employees with other utilities and utility contractors both within and
18 outside our service territory, as well as with employers in other industries, such as
19 construction. Contractors perform roughly half of the Companies' physical, craft, and
20 technical work, and the entities that perform this work compete with the Companies,
21 directly or indirectly, for suitable employees. Contractors are free to structure the mix
22 of Base Pay and Incentive Compensation they offer to employees in any manner that
23 the labor market will bear. The market survey data shows that, at the median, employers

1 provide Incentive Compensation to all of the Companies' positions. (I discuss this in
2 more detail in the COMPETITIVENESS OF TOTAL COMPENSATION section
3 below). As a result, it is likely that a significant portion of the cost of the Companies'
4 contract labor is for Incentive Compensation.

5 Q. WHAT IS THE COMPANIES' OVERALL APPROACH TO COMPENSATION?

6 A. The primary objective of Companies' Total Compensation program is to allow it to
7 attract and retain the suitably skilled and experienced employees needed to provide
8 service to customers efficiently, effectively and safely. The Companies' compensation
9 strategy for achieving this objective for all types of positions is to provide a Total
10 Compensation opportunity that is, on average, at the median of the Total Compensation
11 opportunities provided for similar positions in the labor market from which the
12 Companies must attract and retain employees for each position. Focusing on Total
13 Compensation opportunity, rather than Base Pay alone, is the correct methodology for
14 compensation comparisons because only Total Compensation takes all statistically
15 significant types of compensation into account.

16 As with the majority of large employers, the Companies find that providing a
17 market-competitive Total Compensation package to employees is an efficient and
18 effective strategy because it allows the company to attract and retain the suitably skilled
19 and experienced employees needed to provide service to customers without either
20 paying above median Total Compensation or creating excessive position turnover and
21 vacancy.

22 For positions that are specific to the energy services industry, the Companies
23 use energy services industry specific compensation survey data, which is the only data

1 available for positions specific to the energy services industry. For positions found in
2 multiple industries, the Companies use general industry survey data, which provides
3 the largest possible sample. In both cases, since AEP operates in multiple states and
4 regions of the United States, the Companies use U.S. national compensation survey
5 data, which also has the benefit of providing the largest and most statistically
6 significant possible sample.

7 The Total Compensation opportunity that the Companies provide is comprised
8 of Base Pay and a variable 'at risk' Incentive Compensation opportunity. Within a
9 reasonable, customary and market-competitive level of Total Compensation, the
10 Companies provide variable compensation to motivate and encourage employees to
11 control costs, improve customer service and work safely, among other reasons.
12 Variable Incentive Compensation also uses compensation dollars the Companies would
13 have needed to spend even if it did not provide variable compensation, to encourage
14 employees to improve both their performance, which collectively results in improved
15 performance of the Companies'. Including variable Incentive Compensation in the
16 Total Compensation mix allows the Companies to more effectively communicate
17 operational goals, align employee efforts with these goals, encourage goal achievement
18 and bolster the development of a high performance culture, without increasing
19 compensation expense.

20 Because Incentive Compensation fosters a better performing workforce than
21 Base Pay alone, the Companies believe that a blend of these two types of compensation
22 is the most cost efficient and effective compensation strategy for providing reliable
23 electric service to customers. This approach also better enables the Companies to

1 compete in the labor market to attract, retain and engage higher performing employees
2 than would otherwise be attracted, retained and engaged by the same amount of Total
3 Compensation provided only in the form of Base Pay. The benefits provided by
4 variable Incentive Compensation (better operational performance, improved
5 teamwork, and reduced cost, among other benefits) reduce the Companies' cost of
6 providing electric service, which directly benefits customers.

7 Q. DOES THE USE OF MARKET MEDIANS AS BENCHMARKS MEAN THAT
8 EMPLOYEE COMPENSATION WILL GENERALLY BE AT THE MEDIAN?

9 A. Not necessarily. First, variances in job requirements, employer pay practices and
10 locational differences create a range of market compensation rates; therefore, the
11 Companies design compensation to be within a market-competitive range around the
12 market median. In addition, salary ranges for each salary grade extend approximately
13 22.5% above and below the midpoint, to reflect the range of compensation for positions,
14 and the salaries of individual salaried employees may fall anywhere within the assigned
15 range depending on individual performance, qualifications, time in job, and other
16 factors.

17 Q. HOW DO YOU DETERMINE THAT TOTAL COMPENSATION LEVELS ARE
18 REASONABLE AND MARKET-COMPETITIVE?

19 A. The AEPSC compensation team compares the Companies' compensation levels and
20 practices to those of similar employers for similar positions to ensure that they are
21 reasonable and market-competitive. The AEPSC compensation team relies on third-
22 party compensation surveys to provide robust market compensation benchmarks based
23 on statistically sound survey methodologies, including extensive and independently

1 verified compensation information for statistically significant samples of incumbents
2 in a wide variety of jobs.

3 In order to make these comparisons, the AEPSC compensation team matches
4 the Companies' positions to the survey positions based on each job's function,
5 specialty, level, and other factors. The AEPSC compensation team then compares the
6 Companies' compensation levels and practices to the survey sample to determine the
7 best compensation benchmark for the matched jobs, taking into account any material
8 differences in each position's scope. Market median Total Compensation is generally
9 used as the primary compensation benchmark for each job. Base Pay, Target TCC and,
10 when applicable, Target Total Compensation are used as additional points of
11 comparison. The AEPSC compensation team then assigns each merit pay eligible job
12 to a salary grade, with an associated salary range, STI target and, if applicable, LTI
13 target based on the salary grade range that best fits each position's market-competitive
14 compensation benchmark, while also providing a smooth grade progression for job
15 families and internal equity. The AEPSC compensation team also uses this process to
16 periodically review and, as needed, update compensation rates, salary grades, incentive
17 targets and other compensation practices to maintain market-competitive compensation
18 for each position. This process is consistent with the compensation practices of the vast
19 majority of electric utilities and other large U.S. companies. The market compensation
20 surveys completed and used in this process to evaluate compensation for the test year
21 are listed in EXHIBIT ARC-2.

22 Q. WHY IS AN EMPLOYEE'S TOTAL COMPENSATION CHOSEN AS THE
23 PRIMARY POINT OF COMPARISON RATHER THAN BASE SALARY LEVELS?

1 A. The AEPSC compensation team uses Total Compensation as the primary point of
2 comparison because it includes all statistically significant types of employee
3 compensation. Only with the variable incentive portion does the Companies' Total
4 Compensation generally reach a reasonable and market-competitive level. Survey
5 information shows definitively that STI is a significant component of market-
6 competitive compensation for all of the Companies' positions. Likewise, survey
7 information shows that LTI is a significant and often substantial component of market-
8 competitive compensation for those positions that are generally eligible to participate
9 in the Companies' LTI program. Therefore, no assessment of market-competitive
10 compensation for the Companies' positions would be valid without including both
11 these types of Incentive Compensation.

12 In addition, because the AEPSC compensation team considers the value of
13 Incentive Compensation provided by both the market and the Companies in assigning
14 job grades to positions, the Companies' Base Pay levels are typically lower than
15 employers that provide less or no Incentive Compensation opportunity. Because the
16 mix of Base Pay, STI, and LTI in Total Compensation can vary significantly across
17 employers, compensation analysis that does not consider Incentive Compensation is
18 incomplete and can only provide apples to oranges comparisons.

19 Q. DOES THE TARGET LEVEL OF THE INCENTIVE COMPENSATION PORTION
20 OF EMPLOYEE PAY CONTRIBUTE TO A TOTAL COMPENSATION
21 OPPORTUNITY THAT EXCEEDS THE MARKET-COMPETITIVE RANGE OR A
22 REASONABLE LEVEL?

1 A. No. Unlike some other ‘bonus’ type incentive plans, the Companies’ Target level of
2 Incentive Compensation does not create Total Compensation that is over and above
3 market-competitive Total Compensation. Instead, the Companies’ Incentive
4 Compensation is a portion of a market-competitive and reasonable Total Compensation
5 package that the Companies place at risk to encourage performance improvement and
6 the achievement of performance goals and objectives.

7 The Company is requesting that only the target portion of STI for the test year
8 be included in the Company’s cost of service, rather than the actual cost, which was
9 substantially higher. When combined with Base Pay, the target value is designed to
10 bring employee Total Compensation to a market-competitive and reasonable level.
11 Therefore, the target value of Incentive Compensation is a critical component of the
12 market-competitive Total Compensation package, which the Companies depend on to
13 help attract and retain qualified employees.

14 III. ACTIONS TO CONTROL COMPENSATION EXPENSE

15 Q. HOW DO THE COMPANIES’ BASE PAY INCREASES COMPARE TO THOSE
16 OF OTHER UTILITY INDUSTRY EMPLOYERS?

17 A. The Companies’ total Base Pay increases for employees; other than those in hourly
18 physical, craft, and technical positions; lagged the market median rate of Base Pay
19 increases over the period 2009 through 2020, particularly for executive positions, as
20 Table 1 below demonstrates. This lag is primarily the result of a salary freeze that
21 occurred in 2009 for most positions and in both 2009 and 2010 for executive positions
22 that the Companies implemented in response to the recession that began in 2008. Table

1 1 below compares the Companies' salary increase budgets to median utility industry
2 Base Pay increase budgets for employees other than those in hourly physical, craft, and
3 technical positions for the years 2009 through 2020 (projected).

Table 1						
	Nonexempt Salaried		Exempt		Executive	
	Industry*	Companies	Industry*	Companies	Industry*	Companies
2009	2.75%	0.00%	2.50%	0.00%	2.00%	0.00%
2010	2.70%	2.00%	3.00%	2.00%	2.95%	0.00%
2011	3.00%	3.20%	2.90%	3.20%	3.00%	3.20%
2012	2.75%	2.68%	3.00%	2.68%	3.00%	2.68%
2013	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2014	3.00%	3.35%	3.00%	3.35%	3.00%	3.35%
2015	3.00%	3.50%	3.00%	3.50%	3.00%	3.00%
2016	3.00%	3.50%	3.00%	3.50%	3.00%	3.00%
2017	3.00%	3.50%	3.00%	3.50%	3.00%	3.50%
2018	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
2019	3.00%	3.50%	3.00%	3.50%	3.00%	3.50%
2020**	3.00%	3.50%	3.00%	3.50%	3.00%	3.50%
Total	35.20%	34.73%	35.40%	34.73%	34.95%	31.73%
Difference		-0.47%		-0.67%		-3.22%
*The Conference Board Research Report, U.S. Salary Increase Budgets for 2010-2020						
**Projected 2020 market median vs. the Companies' 2020 actual salary increase budget which was implemented as budgeted and resulted in salary increases effective April 1, 2020						

4 For hourly physical, craft, and technical employees, Base Pay increases also
5 lagged the market during this period. Table 2 below shows that for the period 2009
6 through 2020 (projected), the Companies' Base Pay increases for hourly physical, craft,
7 and technical employees lagged the market median by 1.75%.

Table 2		
Year	Hourly Physical, Craft, and Technical Employees	
	Utility Industry Market Median*	Companies
2009	2.50%	0.00%
2010	2.85%	2.00%
2011	2.90%	3.00%
2012	3.00%	2.00%
2013	3.00%	2.50%
2014	3.00%	2.50%
2015	3.00%	3.50%
2016	3.00%	3.50%
2017	3.00%	5.00%
2018	3.00%	2.50%
2019	3.00%	3.50%
2020**	3.00%	3.50%
Total	35.25%	33.50%
Difference	-1.75%	
* The Conference Board Research Report, U.S. Salary Increase Budgets for 2010-2020		
**Projected 2020 market median vs. the Companies 2020 collectively bargained 2020 wage increases.		

1 These tables show that the Companies' Base Pay increase budgets substantially
2 lagged the market median in 2009 and 2010 and have yet to make up the lost ground.
3 Reducing the growth of employee salaries during times of pervasive and substantial
4 economic distress is one of several difficult steps that the Companies' management and
5 employees have taken to control labor expense. The impact of these decisions is still
6 apparent today, as the above tables show, in the Companies' Base Pay levels for all
7 types of employees. These actions, along with continued employee teamwork and
8 commitment, directly reduced the cost of providing electric service to PSO customers
9 and the savings that remain will again be passed on PSO's customers as part of this rate
10 proceeding.

1 Q. DID THE COMPANIES IMPLEMENT SALARY AND WAGE INCREASES FOR
2 ALL CLASSES OF EMPLOYEES IN 2021?

3 A. Yes. For those employees who participate in the merit program, the Companies
4 implemented 3.00% total salary increase budget effective April 1, 2021, which
5 consisted of a 2.75% merit budget and a 0.25% equity adjustment budget.

6 The Companies also collectively bargained or agreed to implement a 2.5%
7 general wage increase for all other employees (generally those in physical and craft
8 positions) effective on the anniversary of collectively bargained dates or wage increase
9 anniversaries throughout the remainder of 2021.

10 The Companies also have collectively bargained or agreed to implement a 2.0%
11 shift of incentive compensation to base wages effective January 1, 2022, for all
12 represented positions and unrepresented employees in similar positions. This reduces
13 incentive targets for these positions generally by 2.0% of salary (from 5% to 3%) and
14 increases base pay rates by the same 2.0%. This change in compensation mix is
15 approximately cost neutral at the target level of incentive compensation, which is the
16 level of incentive compensation requested in this case.

17 IV. COMPETITIVENESS OF TOTAL COMPENSATION

18 Q. SHOULD BOTH BASE PAY AND INCENTIVE COMPENSATION BE
19 CONSIDERED IN ASSESSING THE REASONABLENESS OF COMPENSATION
20 FOR RATE SETTING PURPOSES?

21 A. Yes, all statistically significant forms of compensation should be considered,
22 irrespective of the form compensation takes, be it a mix of Base Pay and Incentive

1 Compensation or 100% Base Pay. The Companies compete for employees with a great
2 many other employers, the majority of which offer Incentive Compensation to the
3 employees over which we compete. The PUCT should look to whether Total
4 Compensation is within a market-competitive range because such competitive
5 compensation is needed to attract and retain employees with the knowledge,
6 experience, and qualifications needed to provide reliable electric services to customers
7 efficiently, effectively and safely, while minimizing overall expense.

8 Although reducing Total Compensation to less than the market-competitive
9 range would reduce compensation expenses, this cost reduction would likely be more
10 than offset by increased hiring and training expenses due to increased employee
11 turnover, as well as lower employee productivity, given the many years it often takes
12 new employees to learn to perform their jobs safely, efficiently, and effectively. This
13 is particularly true for positions that require lengthy apprenticeships to learn the skills
14 needed to work independently and safely, such as the lineman job family, which
15 requires five years to reach the journeyman level. In addition, it generally takes 30-60
16 days to fill vacant positions and much longer for new employees to come up to speed
17 on new duties, work processes and safety procedures. This lost or reduced productivity
18 often must be backfilled by employees who are less efficient at it, such as employees
19 who normally perform other duties, or who are more expensive, such as the vacant
20 position's supervisor. Employee turnover gives rise to many other incremental costs
21 beyond the examples cited above. The incremental cost and reduced service quality
22 that results from increased employee turnover are the reasons that the provision of
23 market-competitive Total Compensation is in the interests of PSO's customers.

1 Q. HOW DOES TARGET TOTAL COMPENSATION FOR HOURLY PHYSICAL,
2 CRAFT, AND TECHNICAL POSITIONS COMPARE WITH MARKET DATA?

3 A. As shown in EXHIBIT ARC-3, PSO's average target TCC for 198 hourly physical,
4 craft, and technical positions in 13 different PSO jobs was 2.4% below the market
5 median as of December 31, 2020.¹ Assuming a market-competitive compensation
6 range of +/- 10% of the survey median, which is typical practice for such positions, this
7 shows PSO's average target TCC is within but in the lower half of the market-
8 competitive range. This clearly shows that PSO's Target Total Compensation for these
9 positions, which includes the incentive portion, was reasonable relative to market-
10 competitive Total Compensation.

11 Comparing Base Pay to market TCC further confirms that the Company's TCC,
12 inclusive of STI, is market-competitive. If STI were excluded (*i.e.*, comparing the
13 Company's Base Pay to market TCC) as shown by the graph in EXHIBIT ARC-3, then
14 23.1% of the Company's jobs would be below the market-competitive range and the
15 Company's average compensation would be 7.5% below the market median, which is
16 near the bottom of the market-competitive range.

17 Q. ARE THERE DISCIPLINES FOR WHICH MARKET-COMPETITIVE TOTAL
18 COMPENSATION IS INCREASING FASTER THAN FOR OTHER POSITIONS?

19 A. Yes, certainly. One recent example is forestry workers, for which compensation
20 increased 3.7% for 2019, compared with 2.0% for other craft positions. The increased
21 compensation growth rate for workers in this field has implications for some PSO

¹ Data source: EAPDIS, LLC, 2020 Energy Technical Craft Clerical Survey – ETCCS.

1 employees and PSO's cost for outsourced contract forestry work. Employers often have
2 little choice but to react to labor supply shortages by increasing the compensation they
3 pay for the employees they need that are in short supply. Cybersecurity and data science
4 are two other examples of disciplines for which compensation has been increasing at
5 significantly higher than average rates.

6 Q. HOW DOES TARGET TOTAL COMPENSATION FOR SALARIED NONEXEMPT
7 POSITIONS COMPARE WITH MARKET DATA?

8 A. EXHIBIT ARC-4 indicates that, on average, PSO's target TCC for 39 salaried
9 nonexempt positions with 784 employees is near the middle of the market-competitive
10 range. However, similar to the compensation for hourly employees and consistent with
11 the Companies' Total Compensation design, STI is an integral component of the
12 market-competitive Total Compensation Opportunity for these employees. If STI is
13 excluded, as shown by the graph in EXHIBIT ARC-4, then the average target TCC for
14 these positions would be 4.2% below the market median and 33% of these positions
15 would be paid less than the market-competitive range.

16 Q. HOW DOES TARGET TOTAL COMPENSATION FOR NON-MANAGERIAL
17 EXEMPT POSITIONS COMPARE WITH MARKET DATA?

18 A. EXHIBIT ARC-5 compares the Company's compensation for non-managerial exempt
19 positions to market survey information² using a slightly broader +/- 15% of market
20 median as the market-competitive range, which is typical for exempt positions. The
21 average target TCC for these positions was also close to the market median but, if STI

² Sources: Willis Towers Watson 2020 Energy Services Middle Management & Professional Survey and Willis Towers Watson 2020 General Industry Middle Management & Professional Survey, April 2020.

1 were excluded, as shown by the graph in EXHIBIT ARC-5, then the average target
2 TCC for these 241 positions with 2,684 employees would be 11.5% below the market
3 median and 33% of these positions would be paid below the market-competitive range.

4 Q. HOW DOES TARGET TOTAL COMPENSATION FOR EXECUTIVE POSITIONS
5 COMPARE WITH MARKET DATA?

6 A. The Human Resources Committee of AEP's Board of Directors (HR Committee)
7 annually engages a nationally recognized, independent executive compensation
8 consulting firm to conduct a compensation study of the Companies' executive
9 positions. The peer group used for this study consists of companies specifically selected
10 by the HR Committee to represent the talent markets within which the Companies must
11 compete to attract and retain senior management and executive employees. For the
12 2020 study, executive compensation was within the market-competitive range overall
13 for the 15 executive positions included in their analysis whose compensation is billed
14 to PSO (See EXHIBIT ARC-6). However, as shown in the graph in EXHIBIT ARC-6,
15 Total Compensation would be below the market-competitive range for 100% of these
16 executive positions without either the STI or LTI portions of their total compensation
17 and, obviously, even further below without both of these types of incentive
18 compensation.

19 Q. IS THE COMPENSATION OPPORTUNITY THAT THE COMPANIES'
20 INCENTIVE COMPENSATION PROVIDES NECESSARY FOR ATTRACTING
21 AND RETAINING SUITABLE EMPLOYEES?

22 A. Yes. EXHIBITs ARC-3 through ARC-6 show that the total compensation offered to
23 employees for all types of positions is both reasonable and market-competitive. They

1 also show that without the target value of Incentive Compensation, the compensation
2 opportunity that the Companies provide to employees would not be market-competitive
3 in many cases. For higher-level management and executive positions, the portion of
4 compensation provided by STI and LTI compensation is necessary, both individually
5 and in combination, to maintain any semblance of market-competitive total
6 compensation for these positions. It is likely that, without the compensation
7 opportunity that Incentive Compensation provides, the Companies would experience
8 increased turnover among all categories of employees and potentially problematic
9 turnover for the many positions for which the average TCC would then be below the
10 market-competitive range. Turnover becomes problematic when the Companies cannot
11 retain sufficiently skilled and experienced employees or a sufficient number of
12 employees to provide service efficiently, effectively and safely to customers, which
13 results in longer outages and increased costs to customers. This shows that the portion
14 of compensation provided by STI for all types of employees is necessary to maintain
15 the competitiveness of the Companies' Total Compensation for these positions. As
16 such, the target expense associated with the Companies' incentive compensation for all
17 types of positions, irrespective of the form in which it is provided, is a necessary,
18 reasonable, and appropriate cost of doing business.

19 Q. DOES ANY PORTION OF THE COMPENSATION THAT THE COMPANY IS
20 REQUESTING TO RECOVER EXCEED THE AMOUNT THAT IS REQUIRED TO
21 PROVIDE MARKET-COMPETITIVE COMPENSATION TO EMPLOYEES?

22 A. No. As EXHIBITs ARC-3 through ARC-6 show, the target STI and LTI compensation
23 components of total compensation are not a 'bonus' that provides compensation in

1 excess of market-competitive total compensation. Rather, such Incentive
2 Compensation is a critical element of a reasonable, necessary, and prudent market-
3 competitive total compensation package.

4 Q. ARE BOTH BASE PAY AND INCENTIVE COMPENSATION PART OF AN
5 OVERALL REASONABLE LEVEL OF TOTAL COMPENSATION?

6 A. Yes. As shown for each group of employees in the preceding questions, the Total
7 Compensation for all types of positions is within the market-competitive range, which
8 is a reasonable level of compensation for the Companies and its customers.

9 V. THE BENEFITS OF INCENTIVE COMPENSATION

10 Q. WHAT ARE THE BENEFITS TO PSO CUSTOMERS OF THE COMPANIES'
11 INCENTIVE COMPENSATION?

12 A. First and foremost, the Companies' STI and LTI compensation benefits customers by
13 enabling the Companies to attract and retain the suitably skilled and experienced
14 employees needed to provide service to customers efficiently, effectively and safely.
15 The ability to attract and retain such a workforce is, quite simply, essential to meeting
16 customers' needs at a reasonable cost. Without the compensation opportunity that the
17 Companies' Incentive Compensation provides, as shown in EXHIBITs ARC-3 through
18 ARC-6, the Total Compensation for many positions would be below the market-
19 competitive range, which would impair the Companies' ability to attract and retain such
20 employees, increase employee turnover, and reduce employee engagement. This, in
21 turn, would increase employee turnover, hiring and training costs, reduce productivity,
22 result in declining service levels, and increase the cost of service for customers.

1 Because the Companies' Incentive Compensation is a component of a
2 reasonable and market-competitive Total Compensation package (*i.e.* within the
3 market-competitive range), it has no incremental cost above the cost of providing
4 market-competitive compensation through Base Pay alone.

5 Incentive Compensation also helps maintain higher levels of employee and
6 company performance than would be achieved with Base Pay alone. It does this by
7 linking a portion of employees' total compensation opportunity to performance without
8 increasing the Companies' compensation expense.

9 Q. HOW DOES INCENTIVE COMPENSATION IMPROVE EMPLOYEE AND
10 COMPANY PERFORMANCE?

11 A. It does this by more effectively communicating goals and objectives, better aligning
12 employee efforts with these goals and objectives, more effectively engaging
13 employees, and motivating employees to achieve higher levels of performance.

14 Specifically, incentive compensation helps create a culture of high performance by:

- 15 • Giving all employees a personal stake in achieving common goals and objectives,
16 which creates a sense of shared purpose and improves employee engagement;
- 17 • Communicating goals and objectives to all managers and employees more
18 effectively than is otherwise possible, which helps align and focus work
19 assignments and employee efforts with these objectives;
- 20 • Encouraging and motivating employees to expend discretionary effort to achieve
21 these goals and objectives;
- 22 • Varying compensation based on individual employee performance, which
23 recognizes and appropriately adjusts rewards for both strong and poor employee
24 performance, which improves employee engagement, encourages performance
25 improvement, improves retention of high performers and reduces retention of
26 poor performers;
- 27 • Rewarding employees for achievement of the Companies' goals and objectives,
28 which reinforces the importance of these goals and objectives, recognizes both
29 high and low performance and improves employee engagement;

- Shifting a portion of compensation from a fixed expense to variable expense, which reduces business risk by linking a portion of labor expense to the Companies' financial performance and better balances the interests of employees with those of other stakeholders; and by
- Encouraging high levels of productivity and fostering careful cost management.

These specific benefits of incentive compensation significantly reduce the cost of service for PSO's customers below what they would be otherwise.

Q. DO THE GAINS PRODUCED BY INCENTIVE COMPENSATION RESULT IN AN ACCUMULATION OF BENEFITS AND COST SAVINGS THAT ACCRUE TO PSO CUSTOMERS EACH YEAR?

A. Yes. The Companies' STI and LTI compensation programs have been in place for more than two decades, and these programs have produced benefits that inured to customers in base rate cases over these many years. These benefits are generally the result of the high performance culture that the Companies' incentive compensation encourages. The accumulated value that has been produced over the more than two decades that these programs have been in place was reflected in the Companies' cost of service in the test years for prior base rate cases and is reflected in the cost of service in this case. The decades of accumulated value produced by Incentive Compensation has inured to customers through lower rates in prior rate proceedings and any additional value it has created since the last base rate case will again inure to customers when rates are established in this case. These benefits gradually accumulated over time and would likely diminish over time if incentive compensation were eliminated. Such 'back-sliding' would be detrimental to PSO customers.

Q. SHOULD IT BE EXPECTED THAT THE INCREMENTAL PRODUCTIVITY BENEFITS AND COST SAVINGS GENERATED BY INCENTIVE

1 COMPENSATION WILL EXCEED ITS TOTAL (INCREMENTAL AND NON-
2 INCREMENTAL) COST?

3 A. No. Although the Companies' Incentive Compensation provides substantial benefits,
4 as I just described, it is unreasonable to expect that the new incremental productivity
5 benefits and cost savings generated each year will offset its cost. This is because the
6 Companies' Incentive Compensation is a component of a reasonable and market-
7 competitive Total Compensation program, rather than a 'bonus' that is additional to
8 such a program. Therefore, the Companies' Incentive Compensation has no
9 incremental cost and it produces the substantial incremental benefits previously
10 described at no incremental expense to customers.

11 As has been shown, the target level of the Companies' Incentive Compensation
12 provides substantial benefits to customers at no incremental cost above the cost of
13 providing market-competitive Total Compensation through Base Pay alone. Therefore,
14 the related expense is clearly a prudent and reasonable cost of doing business.
15 Customers already benefit from the accumulated value that Incentive Compensation
16 has provided over the decades it has been in place and it is clear that customers are the
17 primary beneficiaries of the Companies' Incentive Compensation. It is highly
18 inappropriate, unsustainable and unjust for shareholders to bear a large portion of the
19 cost of the target level of Incentive Compensation, as well as 100% of any above target
20 expense, while customers receive 100% of the benefits Incentive Compensation has
21 created over the decades it has been in place.

1 A. Short-Term Incentive (STI) Compensation

2 Q. HOW COMMON IS STI COMPENSATION IN THE UTILITY INDUSTRY?

3 A. It is a highly prevalent form of compensation in the utility industry. It is provided by
4 the majority of employers for physical and craft positions and is nearly universally
5 provided to higher-level positions both in the electric utility industry and in U.S.
6 industry in general. The compensation analyses contained in EXHIBITs ARC-3
7 through ARC-6 shows that market median Total Compensation includes incentive
8 compensation for 100% of the 328 positions with 3,681 incumbents included in these
9 market compensation analyses. In addition, median target STI Compensation was at
10 least 5% of base salary for positions at all base salary levels in the energy services
11 industry, including positions with base salaries of less than \$30,000 (Willis Towers
12 Watson, 2020 Energy Services Middle Management, Professional and Support Survey
13 Report — United States, Compensation Report, Base/Bonus/Target Bonus Summary
14 Tables by Salary Range (Incumbent-Weighted). This survey analysis is very robust,
15 including 145 Energy Services Industry employers and 262,234 incumbent employees.
16 The nearly universal use of STI compensation by energy services industry employers
17 clearly shows that, at a minimum, these employers believe that STI compensation is
18 superior to the alternative of providing market-competitive compensation through base
19 pay alone.

20 Q. DOES STI COMPENSATION PROVIDE ADDITIONAL SPECIFIC BENEFITS?

21 A. Yes. PSO's 2020 STI plan included goals and objectives that provided numerous
22 specific benefits such as bolstering safety; increasing workforce diversity; improving
23 in Line Mechanic recruiting and training; maintaining power quality and reliability;

1 improving customer communications; improving the service restoration process,
2 development of a community solar offering; and initiating a smart street lighting
3 program, among other specific benefits. These objectives align well with the interests
4 of PSO's customers and the communities PSO serves.

5 Q. PLEASE DESCRIBE THE COMPANIES' STI PLANS.

6 A. All the Companies' employees from hourly positions through executive management,
7 except co-ops and interns, participate in the Companies' STI program. The STI target
8 percentage for physical, craft, and technical positions is 5% of eligible earnings for
9 2021, which includes base wages, overtime, and shift premiums. The STI targets for
10 salaried positions vary by salary grade level. The STI targets for each salary grade are
11 set at levels that provide Total Compensation that is within the market-competitive
12 range and as close to the market median on average as possible for the positions
13 assigned to each grade level. This approach is typical for U.S. industrial companies.

14 The Companies use a standard plan design and template for all STI plans with
15 separate plan documents, performance measures and communications for employees
16 in each major AEP business unit and operating company. The overall performance
17 score for each AEP business unit and operating company, including PSO, determines
18 the award payout for that group from the available funding (described in the following
19 question and answer below). Overall performance scores and award payouts can range
20 from 0% to 200% of the target. Employees in centralized functions; such as IT, human
21 resources, and legal; do not have separate STI performance measures and participate in
22 STI compensation based on the average overall performance score for the business
23 units and operating companies that do have separate STI performance measures.

1 The Companies establish performance targets for STI measures at stretch but
2 achievable levels to ensure that employees have a reasonable expectation that STI will
3 pay out at or above the target level on average over multiple years. This expectation is
4 foundational because, without it, many employees would not perceive their Total
5 Compensation opportunity to be market-competitive and employee attrition and
6 retention likely would increase to problematic levels. However, most participants
7 understand that STI compensation is variable and may vary both above and below
8 target from year to year but that it can reasonably be expected to meet or exceed a target
9 level on average over longer periods. The Companies' STI has averaged 147.3% and
10 148.7% of target over the last 5 and 10 years, respectively, which is well above the
11 target level. It is the target level of STI that brings target Total Compensation to
12 reasonable and market-competitive levels.

13 Q. PLEASE DESCRIBE HOW THE COMPANIES' STI COMPENSATION PLANS
14 ARE FUNDED.

15 A. For many years prior to 2020 the Companies used a balanced scorecard of performance
16 measures (Funding Measures) for STI funding. Such a balanced scorecard was initially
17 established for 2020 as well with a mix of AEP Operating Earnings (60%), Safety and
18 Compliance (10%) and Strategic Initiatives (20%) measures. However, in May 2020,
19 the funding for AEP's 2020 STI program was changed to 100% AEP Operating
20 Earnings due to the uncertainty and economic impact of COVID-19 and the potential
21 risks posed by its spread, including a significant impact on the Company's commercial
22 and industrial sales. This was a temporary change made for 2020 only that was intended

1 to bolster the Companies' financial stability at a time when the impact of COVID-19
2 was unknown, which benefited customers.

3 For the remainder of 2020, the safety, compliance and strategic initiatives
4 remained prominent and important for the Companies, despite not being included in
5 the incentive goals and efforts to achieve these objectives continued unabated.
6 Throughout 2020, the Companies continued to measure and report performance
7 towards these objectives.

8 For 2021, a balanced scorecard of operating objectives with a mix of AEP
9 Operating Earnings (60%), Safety and Compliance (10%) and Strategic Initiatives
10 (20%) was approved and communicated to employees. Therefore, in the event that the
11 Commission were to deny recovery of any portion of the target level of incentive
12 compensation related to the AEP Operating Earnings funding measure, the Company
13 respectfully requests that the Commission give effect to the known and measurable
14 change to reduce the weight on this measure from 100% to 60% for 2021.

15 Q. WHAT IS THE PURPOSE OF THE FUNDING MECHANISM FOR STI
16 COMPENSATION?

17 A. The funding mechanism ensures the Companies can afford employee incentive
18 compensation while also meeting their commitments to other stakeholders and that STI
19 compensation does not impair the Companies financially. The importance of such a
20 mechanism becomes apparent when utilities are in financial distress. For example,
21 PG&E needed to take extraordinary measures to eliminate incentive compensation
22 while they were in financial distress, a decision the California Consumer Counsel
23 agreed with, because their STI did not have a funding mechanism that adjusted

1 incentive payouts commensurate with the Company's financial performance. Anyone
2 who has ever managed their living expenses within a budget knows that it is not
3 sustainable and is detrimental to their financial wellbeing to spend more than they can
4 afford.

5 The funding mechanism also facilitates business unit and operating company
6 goal setting by reducing its impact and shifting the focus to ensuring a consistent degree
7 of difficulty among AEP's business units and operating companies. Without such a
8 mechanism, considerable additional resources and cost would be required to counteract
9 the human tendency to under-promise and overachieve. The AEP Operating EPS
10 component of the Funding Measures also sends a clear message to all participants that
11 it is imperative for them to maintain financial discipline. This drives a relentless pursuit
12 of cost reduction that enables the Companies to complete work at a lower cost than
13 would otherwise be the case.

14 Q. PLEASE DESCRIBE HOW STI COMPENSATION FUNDS ARE ALLOCATED.

15 A. Each AEP operating company (such as PSO) and business unit has a separate set of
16 operating measures (Operating Measures) that are used along with the Funding
17 Measures and a normalizing function for determining their STI payout. Each operating
18 company's and business unit's overall performance score is determined by their
19 Operating Measures score divided by the weighted average Operating Measures score
20 for all AEP operating companies and business units multiplied by the Funding
21 Measures score. In this way the relative performance of each group is used to determine
22 their STI funding allocation from the overall STI funding available. This is
23 accomplished by normalizing the overall business unit and operating company scores,

1 which simply means that each such score is divided by the weighted average of all such
2 scores. This results in a normalized average score of 1.0 or 100% of the target level.
3 Each business unit and operating company score is then multiplied by the funding
4 score, which results in a weighted average score for all AEP business units and
5 operating companies that is equal to the funding score, which allocates exactly 100%
6 of the available funding while maintaining score differentiation based on relative
7 performance. This process results in scores and payouts for each business unit and
8 operating company that reflect the group's performance and a total payout that is equal
9 to the overall funding available.

10 Q. WHAT ARE THE KEY DRIVERS OF STI COMPENSATION FOR PSO
11 EMPLOYEES?

12 A. Most PSO employees (562) participated in the AEP Utilities 2020 ICP (incentive
13 compensation plan) for PSO employees. The key drivers of performance for this plan
14 were three categories of Operating Measures (operational excellence, customer, and
15 workforce development) that comprised 80% of the 2020 Operating Measures for PSO,
16 while financial performance (PSO Net Income) made up the remaining 20%. This plan
17 included 12 performance measures in four categories (see EXHIBIT ARC-7).

18 PSO employees also participated in the 2020 STI plans for centralized staff
19 (108), Transmission (102), T&D Performance Management (13), and Generation -
20 Environmental Services (250) groups. The centralized staff group ICP is based on the
21 average score for all business units and operating companies. Each of the other plans
22 has a similar balanced scorecard of Operating Measures. If PSO employees do not

1 achieve their Operating Measure objectives, they will not be paid a significant STI
2 award, irrespective of AEP's or PSO's financial performance.

3 Q. WHAT ARE THE BENEFITS TO CUSTOMERS FROM THE WORKFORCE
4 DEVELOPMENT MEASURES IN THE STI PROGRAM?

5 A. The workforce development category includes safety, employee culture, diversity, and
6 a line mechanic pipeline development performance measures. It is important to
7 acknowledge with respect to safety that the cost of severe safety incidents to the
8 individual(s) directly involved and their families, friends, colleagues, and community
9 is often immeasurable and outweighs the financial cost to the Company and its
10 customers. Such societal costs are paramount in any evaluation of the cost of improving
11 safety from a public policy perspective. With this said, the DART (Days Away,
12 Restricted Duty and Transfer) rate and proactive safety measures included in the
13 Companies' STI programs benefits customers by promoting safe work practices,
14 reducing the number of recordable injuries, reducing serious injuries, reducing lost
15 work days, reducing workers compensation costs, and reducing employee medical
16 claims. The proactive safety measures encourage the involvement of employees at all
17 levels in activities that help identify and mitigate safety risks. These measures foster a
18 safety culture that is critical to reducing safety incidents. The Company's safety
19 statistics have improved substantially over the many years the Companies' have had
20 safety incentive measures, which we believe is the result of the Companies' safety
21 culture, including its safety incentives.

22 The employee diversity measure benefits customers by providing a broader
23 perspective and better engagement with the communities PSO serves and by fostering

1 better employee inclusivity, engagement, and performance, which improves employee
2 retention and broadens the pool of prospective employees. These benefits improve
3 customer service and reduce the cost of serving customers.

4 The accountability index measure helps create a culture where employees are
5 more engaged in their work, feel appreciated and valued, and have a sense of ownership
6 and accountability. Improving employee engagement has been shown to improve
7 employee and company performance, which benefits customers by accomplishing
8 more work with less resources, the savings from which are passed on to customers in
9 rate case proceedings.

10 The line mechanic recruitment model measure benefits customers by leveraging
11 line mechanic training colleges to create a pipeline for C100 certified candidates to fill
12 PSO positions. C100 line mechanics need substantially less apprenticeship and training
13 than entry-level line mechanics, which saves customers the cost of providing such
14 training, and C100 level line mechanics can safely contribute immediately on some
15 types of work, which is not the case for entry-level line mechanics. C100 line
16 mechanics from training colleges are also more likely to progress to the journey level.
17 These benefits reduce hiring, training, and turnover related expenses for PSO
18 customers.

19 Q. WHAT ARE THE BENEFITS TO CUSTOMERS FROM THE CUSTOMER
20 MEASURES IN THE STI COMPENSATION PROGRAM?

21 A. The JD Power – Power Quality & Reliability (PQR) and Power Communications
22 measures benefit customers by improving these aspects of customer service. The CMI
23 Improvement measure benefits customers by improving the outage restoration process,

1 which helps alleviate one of the largest sources of customer frustration. These measures
2 benefit customers by improving customer service in ways that are important to
3 customers.

4 Q. WHAT ARE THE BENEFITS TO CUSTOMERS FROM THE OPERATIONAL
5 EXCELLENCE MEASURES IN THE STI COMPENSATION PROGRAM?

6 A. As with the customer satisfaction measures above, the SAIDI³ and reliability work plan
7 measures benefit customers by encouraging actions that reduce outage frequency and
8 duration, improve response and restoration times, and make system improvements that
9 have these same benefits. For example, PSO's reliability work plan measures include
10 goals related to under-performing circuits, vegetation management, targeted circuit
11 maintenance, ensuring completion of DRS Rider approved DACR activities and
12 capacity projects, technology and deployment prerequisite projects. These goals
13 reduce the frequency and duration of outages, which provide substantial tangible and
14 intangible benefits to customers and better ensure completion of DRS rider approved
15 DACR activities. These measures improve PSO's service for customers.

16 Q. WHAT ARE THE BENEFITS TO CUSTOMERS OF THE FINANCIAL
17 MEASURES IN THE STI COMPENSATION PROGRAM?

18 A. The financial STI performance measures focus employees on cost control, adherence
19 to budget, and promoting the efficient use of financial resources, which is essential for
20 providing reliable service at a reasonable cost to customers. Financial measures
21 continuously emphasize the importance of maintaining financial discipline and directly

³ (SAIDI) System Average Interruption Duration Index represents the total number of minutes the average customer has experienced interruption over a 12-month period.

1 encourage employees to spend conservatively, operate efficiently, and conserve
2 resources. This has and will continue to directly benefit customers by reducing the
3 Company's cost of service through cost savings that are passed on to customers in rates
4 that are lower than they otherwise would be if PSO did not use such performance
5 measures.

6 Financially based incentive compensation provides additional capital, reduces
7 earnings volatility, and bolsters the Company's financial stability. This reduces the
8 Company's cost of capital and better ensures access to capital at reasonable rates,
9 particularly during recessionary and other periods of weaker earnings, such as those
10 caused by major storms, weak economic activity and catastrophic events when capital
11 may otherwise be overly expensive or inaccessible. Furthermore, ensuring that
12 incentive compensation payments do not impair the Company financially reduces the
13 risk of additional expense caused by such difficulties, which benefits PSO customers.
14 These effects all reduce the cost of service for PSO customers.

15 Q. WHAT OTHER SPECIFIC BENEFITS DOES STI PROVIDE?

16 A. In addition to enabling the Companies to attract and retain the suitably skilled and
17 qualified employees they need to provide service to customers efficiently and
18 effectively, its benefits include:

- 19 • Communicating goals and performance measures, which improves their visibility
20 and encourages their achievement in accordance with the adage "what gets
21 measured gets done";
- 22 • Aligning goals and employee efforts throughout the organization, which better
23 ensures that adequate time, attention and resources are provided for their
24 achievement, employees are focused on achieving them and that everyone is pulling
25 in the same direction;

- 1 • Rewarding employees for achievement of goals and objectives, which encourages
2 employees to expend discretionary effort to achieve them and reinforces their
3 positive behavior when they succeed;
- 4 • Enhancing the Companies' culture and performance by giving all employees a
5 personal stake in achieving goals and objectives and by creating a shared purpose;
- 6 • Shifting a portion of compensation from a fixed to a variable expense that varies
7 based on the performance, which reduces earnings volatility, business risk, and
8 borrowing costs;
- 9 • Creating a culture of high performance and cost consciousness; and
- 10 • Reducing costs through increased productivity and a relentless pursuit of cost
11 savings.

12 Q. IS THE COMPANY REQUESTING THE INCLUSION OF ALL TEST YEAR STI
13 COMPENSATION IN ITS REVENUE REQUIREMENT IN THIS CASE?

14 A. No, the Company is requesting inclusion of only the target level of adjusted test year
15 STI expense, which is the market-competitive level, rather than the substantially larger
16 actual per books expense.

17 Q. DOES THE COMPANY DISAGREE WITH THE COMMISSION'S PRACTICE OF
18 DISALLOWING 50% OF STI COMPENSATION AND, IF SO, WHY?

19 A. Yes. The Company disagrees with the Commission's practice because it is
20 unreasonable and unjust for shareholders to pay for half the target level of STI, which
21 is a reasonable and necessary cost of providing service to customers, unless such
22 expense is contrary to customers' interests. To the contrary, I have shown the
23 Companies' financially based STI to be in customers' interests. The entire target level
24 of STI compensation is a necessary cost of providing service to customers because it is
25 a component of a market-competitive Total Compensation package, which is needed
26 to efficiently and effectively attract and retain employees with the skills and experience
27 needed to provide service to customers efficiently and effectively.

1 It is also unreasonable and unjust for shareholders to pay the cost of
2 performance improvements derived from STI compensation when those benefits, both
3 current and accumulated, inure to customers through this and previous rate case
4 proceedings. It is unreasonable to expect that the new incremental benefits generated
5 by employees due to STI compensation going forward, if any, will be sufficient to
6 offset its full cost. Such cost justification is unnecessary because STI compensation is
7 a component of a market-competitive Total Compensation package that enables the
8 Companies to attract and retain suitable employees. The accumulated cost savings that
9 the Companies' STI compensation has produced over the decades it has been in place
10 are reflected in PSO's test year cost of service. These savings will again be embedded
11 in rates as they have been in prior rate case proceedings. There is no mechanism for
12 these accumulated benefits to flow to shareholders despite the fact that the
13 Commission's practice requires shareholders to pay for a large portion of this cost and
14 receive none of the benefit. Furthermore, maintaining the Companies STI measures
15 prevents backsliding on previously achieved cost-control and efficiency savings.

16 Given that customers already enjoy the ongoing benefits provided by STI
17 compensation and that it is unknown whether it will provide any new incremental
18 benefits going forward beyond those provided by a market-competitive Total
19 Compensation package, it is clear that customers, not shareholders, are the primary
20 beneficiaries of the Companies' Incentive Compensation program. Excluding STI
21 compensation from PSO's revenue requirement is not justified based on the facts and
22 circumstances in this case and doing so will impede the Company's ability to earn the
23 rate of return set by the Commission in this proceeding.

1 Q. PLEASE SUMMARIZE YOUR TESTIMONY WITH RESPECT TO STI
2 COMPENSATION.

3 A. The Companies' STI program provides substantial benefits to PSO customers and has
4 no cost above the cost of providing market-competitive Total Compensation through
5 Base Pay alone. All performance measures in the Companies' STI program,
6 particularly the financial measures, have been shown to provide significant benefits to
7 customers. It is unfair and unjust to exclude any portion of the target level of STI
8 compensation from rates and it is not a sustainable approach to ratemaking.

9 Customers are receiving and will continue to receive benefits from the suitably
10 skilled and experienced employees who are attracted, retained, and better engaged from
11 the larger actual level of STI compensation awarded, as well as from the accumulated
12 value of incentivized achievements over the many years the STI program has been in
13 place. Therefore, it would be just and reasonable to include the full cost of the target
14 level of STI compensation in the Company's cost of service.

15 B. Long-Term Incentive (LTI) Compensation

16 Q. IS THE COMPANY REQUESTING THAT LTI COMPENSATION EXPENSE BE
17 INCLUDED IN THE COST OF SERVICE IN THIS CASE?

18 A. Yes. The Company is requesting that the test year level of LTI compensation be
19 included in PSO's cost of service. The requested LTI compensation includes both
20 performance shares and restricted stock units (RSUs), which are the two types of LTI
21 compensation that the Companies utilize.

22 Q. PLEASE BRIEFLY DESCRIBE THE COMPANIES' LTI PROGRAM.

1 A. The Companies' LTI compensation is similar to STI Compensation in that it too is an
2 integral component of reasonable and market-competitive Total Compensation for
3 eligible employees and such market-competitive Total Compensation is necessary to
4 attract, retain, and engage suitably skilled, experienced, and knowledgeable employees.
5 As such, LTI compensation has no incremental cost above the cost of providing market-
6 competitive Total Compensation through Base Pay alone. LTI also encourages decision
7 making from a long-term perspective and fosters operational continuity by improving
8 the long-term retention of participants.

9 Approximately 1,306 employees (about 8% of AEP's 2020 employees)
10 received an LTI award in the test year. Participation is generally limited to employees
11 in positions that have responsibility for decisions that have a longer-term impact on the
12 Companies and customers. Such employees often have historical and experiential
13 knowledge of the Companies' practices and often assist in creating and implementing
14 the vision of how AEP and PSO best serve customers both now and in the future. LTI
15 participants are often responsible for maintaining employee's focus on customers,
16 making often-difficult resource allocation decisions, and driving customer experience
17 improvements. Because of the value these employees provide to the Companies and
18 customers, retaining them is particularly important to providing high quality service to
19 customers at a reasonable cost. The Companies designed the LTI compensation
20 program to foster the retention of such participants.

21 The annual LTI awards granted during the test year were composed of 75%
22 performance shares and 25% RSUs

23 Q. PLEASE DESCRIBE PERFORMANCE SHARES.

1 A. Performance shares are generally similar in value to shares of AEP common stock,
2 except that participants must generally continue their AEP employment over a three-
3 year period to earn a payout and the number of performance shares that participants
4 ultimately earn is tied to AEP's longer-term performance relative to pre-established
5 performance measures. All performance shares granted during the test year and for
6 2021 have three performance measures:

- 7 • Three-year cumulative operating earnings per share (Operating EPS) measured
8 relative to a Board-approved target (50% weight),
- 9 • Three-year total shareholder return (TSR) measured relative to a peer group of
10 similar utility companies (40% weight), and
- 11 • Zero Carbon Capacity (aka Non-Emitting Generation Capacity) measured relative
12 to a board approved target mix (10% weight).

13 Awards granted prior to 2020 had two performance measures, Operating EPS and TSR,
14 (both as described above), which were equally weighted. As with STI, the maximum
15 score for all LTI performance measures is 200% of target. These LTI measures help
16 ensure that the Companies keep pace with the rapidly changing business landscape and
17 amplified societal expectations, while positioning itself for success in the future. Taken
18 together, the STI and LTI measures balance the short-term and long-term interests of
19 the Companies' and its customers.

20 Q. PLEASE DESCRIBE THE COMPANIES' RSUS.

21 A. The Companies provide the remaining 25% of its LTI in the form of RSUs that vest
22 subject to the participants' continued AEP employment on three vesting dates over a
23 three or more year period. RSUs are not tied to any performance measures (financial
24 or otherwise) but are instead provided to foster employee retention over a longer period.
25 Participants who remain continuously employed with AEP through an RSU vesting

1 date receive an equal number of shares of AEP common stock as the number of RSUs
2 that vest on such date. Otherwise, with certain exceptions such as severance due to
3 position eliminations or a participant's death, RSUs are forfeited upon employment
4 termination.

5 Q. IS LTI COMPENSATION A PREVALENT FORM OF COMPENSATION FOR THE
6 UTILITY INDUSTRY?

7 A. Yes, it is highly prevalent. Nearly all investor-owned utility companies of AEP's size
8 and complexity have similar LTI programs, as do nearly all public general industry
9 companies. LTI compensation is a significant component of total compensation (a
10 minimum of 20% of base salary at the median) for all 123 unique positions for which
11 a sufficient sample was available.⁴ EXHIBIT ARC-6 shows that LTI compensation is
12 a substantial component of market-competitive compensation for all of the positions
13 included in this analysis.

14 Q. WHAT ARE THE BENEFITS TO CUSTOMERS FROM THE COMPANIES' LTI
15 COMPENSATION PROGRAM?

16 A. In addition to the benefits that all of the Companies' Incentive Compensation provides
17 to customers, LTI compensation also provides a retention incentive to participants,
18 which benefits customers by improving the retention of employees with greater
19 company experience in roles that have long-term decision-making responsibility,
20 which improves the continuity of the Companies' operations.

⁴ Willis Towers Watson, 2020 Energy Services Executive Survey Report — United States, Compensation Report, Results by Position (Incumbent-Weighted)

1 The non-emitting generation capacity measure benefits customers and the
2 communities the Companies serve by encouraging, over a longer-term period, the
3 addition of regulated and competitive renewable generation to the grid, retirement of
4 greenhouse gas emitting plants, and increased use of energy efficiency and demand-
5 side management programs. This reduces greenhouse gas emissions and has the added
6 benefit of improving perceptions of the Companies in the eyes of its customers, its
7 investors, the public, and potential recruits, all of which may lead to reduced costs for
8 customers as the result of improved customer interactions and increased interest from
9 investors and potential recruits.

10 Tying a portion of management compensation to long-term measures of
11 financial performance, specifically the EPS and TSR measures used in the Companies'
12 performance share awards, encourages better long-term decision making and financial
13 discipline, which benefits customers by encouraging cost control. Customers benefit
14 from efficient, effective, and consistent operations; suitably skilled, experienced,
15 knowledgeable, and stable employees in management and other leadership positions;
16 better long-term decision-making; and strong financial discipline. All of these factors
17 contribute to lower costs for customers.

18 Maintaining long-term financial discipline is imperative, particularly given the
19 long-term nature of the assets that comprise the Company's electric system. The EPS
20 and TSR performance share measures communicate this imperative and strongly
21 encourage its pursuit, which promotes expense control, efficient operations, and
22 conservation of resources. This directly benefits customers by reducing the Company's
23 cost of service and rates compared to what they would otherwise be.

1 As with STI compensation, customers are receiving and will continue to receive
2 benefits from the suitably skilled and experienced employees who were attracted,
3 retained, and engaged in their work from past above target LTI payouts as well as from
4 the accumulated value of incentivized achievements over the many years the LTI
5 program has been in place.

6 Q. ARE THERE ANY INDIRECT COSTS TO CUSTOMERS OF THE COMPANIES'
7 LTI PROGRAM?

8 A. No. Capping the maximum score, setting stretch but achievable targets, and providing
9 a balance of short-term and long-term Incentive Compensation, as the Companies do,
10 ensures that participants are not encouraged to pursue financial objectives at the
11 expense of other important objectives, such as customer service and safety. The
12 Companies' short-term and long-term performance measures are designed to balance
13 each other to ensure that short-term objectives are not achieved at the expense of long-
14 term performance. Likewise, the Companies' financial short and long-term
15 performance objectives are balanced by operational and other objectives as part of a
16 "balanced scorecard" to assure that financial objectives are not achieved at the expense
17 of other important objectives. This balanced approach mitigates the potential for the
18 Companies' LTI compensation to encourage behaviors that would be counter to
19 customers' interests. Therefore, LTI compensation does not give rise to any indirect
20 costs that would offset the substantial benefits it provides to customers.

21 Q. DO THE TOTAL BENEFITS OF THE LTI COMPENSATION EXCEED ITS COST
22 TO PSO CUSTOMERS?

1 A. Yes. By providing LTI compensation as part of a market-competitive Total
2 Compensation package, LTI compensation does not have any incremental cost to
3 customers, beyond the cost of providing market-competitive Total Compensation
4 through other types of compensation. By encouraging participant retention, which
5 improves operational continuity and performance, it reduces the cost of service for
6 customers. It also reduces the cost customers bear by encouraging long-term financial
7 discipline, among the other benefits previously mentioned. With significant
8 accumulated benefits, the potential for new incremental benefits, and no incremental
9 cost, the benefits of the LTI program clearly exceed its cost to customers.

10 Q. IS IT REASONABLE AND NECESSARY TO INCLUDE LTI COMPENSATION IN
11 THE COMPANIES' COST OF SERVICE AND RATE BASE FOR RATE MAKING
12 PURPOSES?

13 A. Yes. LTI compensation has been clearly shown to be a reasonable, customary, and
14 prudent cost of doing business that provides substantial overall net benefits to
15 customers because, among other reasons, it:

- 16 (a) Does not have any incremental cost above the cost of providing market-
17 competitive compensation through other forms of pay;
- 18 (b) Improves participant retention and, consequently, management and
19 operational continuity;
- 20 (c) Encourages appropriate consideration of longer-term factors in decision
21 making; and
- 22 (d) Improves operating effectiveness and cost control.

23 Therefore, it is just and reasonable to include the cost of LTI compensation in PSO's
24 cost of service for ratemaking purposes.

1 VI. SUPPLEMENTAL EXCESS RETIRMENT PLAN (SERP)

2 Q. PLEASE EXPLAIN SERP BENEFITS.

3 A. SERPs are a non-qualified retirement benefit that primarily provides benefits to
4 employees whose compensation exceeds qualified pension limits. AEP maintains two
5 SERPs, one for former Central & Southwest (CSW) pension plan participants and one
6 for all other participants. SERP plans are highly prevalent in the utility industry and
7 among other large U.S. companies that provide defined benefit pension benefits.

8 The primary purpose of the Companies' SERPs is to enable the Companies to
9 attract and retain suitably experienced and knowledgeable employees to fill more
10 highly paid positions as part of a market competitive total rewards package. It
11 accomplishes this by providing the retirement benefits that would be provided under
12 the Companies' qualified retirement plan but for the limits imposed by the Internal
13 Revenue Code ("IRC") and the ERISA law on qualified retirement benefits. These
14 limits do not pertain to all pension benefits and do not reflect a maximum reasonable
15 level.

16 It is entirely reasonable and appropriate for the Companies to provide retirement
17 benefits to all employees based on a consistent formula that takes into account age,
18 years of service and compensation. AEP's SERPs accomplish this by providing the
19 portion of pension benefits that cannot be provided under the qualified pension plan
20 due to the IRC/ERISA limits using the Companies' reasonable and consistent formula.
21 Many employees would see it as unfair to exclude compensation from this formula
22 simply because such compensation is in excess of IRC/ERISA qualified plan limits that
23 limit tax benefits and, thereby, the associated government revenue reductions.

1 AEP is a large and complex organization, and its size greatly benefits ratepayers
2 through economies of scale. Many employees with scarce experience, knowledge,
3 capabilities and skills are needed to efficiently and effectively manage organizations of
4 this size and complexity. Employees with such scarce abilities are able to command
5 compensation that exceeds IRC/ERISA qualified plan compensation limits and it is
6 necessary for the Companies to employ such people to efficiently and effectively
7 manage such a large and complex organization. To attract and retain such employees,
8 it is necessary to provide compensation that exceeds the IRS limits on qualified plans
9 for a large number of employees, not just a few executives. It is also in the interests of
10 the Company and its customers to avoid arbitrary limits on the compensation taken into
11 account in determining pension benefits because such limits would undermine the
12 attraction and retention of such employees. Over 400 AEP employees have a
13 compensation opportunity with the potential to exceed the IRC/ERISA limits on
14 qualified pensions. Employees such as these are critical to any large companies' ability
15 to operate efficiently and effectively.

16 PSO customers benefit from the provision of SERP benefits as part of a market
17 competitive total rewards package in the same way they benefit from the provision of
18 base pay as part of the same market competitive package. The cost associated with
19 attracting and retaining such employees is not discretionary if the Company is to
20 provide its utility service to ratepayers efficiently and effectively. Excluding SERP
21 expense from the Company's cost of service would allocate the full benefit of the
22 economies of scale enabled by the companies' size, while inappropriately assigning to

1 shareholders the SERP portion of the market-competitive total rewards expense for the
2 employees who are necessary to make such economies of scale possible.

3 I respectfully recommend that the standard for including or excluding
4 compensation and benefit expenses should be based on whether such costs are part of
5 a market-competitive total rewards package, whether such costs are otherwise
6 prudently incurred and whether such costs are demonstrably detrimental to customers.
7 By such standards, the Companies' SERP expense is reasonable and appropriate.
8 Therefore, I respectfully recommend that SERP expense be included in the Company's
9 cost of service.

10 VII. SUMMARY

11 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

12 A. I have demonstrated that the total employee compensation that PSO seeks to include in
13 its cost of service for ratemaking purposes is just and reasonable to the customers and
14 to the utility. I have shown that employee compensation is within a reasonable market-
15 competitive range, which is required by the utility to attract and retain the
16 knowledgeable, experienced and qualified employees needed to provide reliable
17 electric services to customers safely, efficiently and effectively. I have also
18 demonstrated that the Companies' Incentive Compensation is designed to minimize
19 overall expenses, which reduces the cost of service to customers. The compensation
20 the Companies' provide, inclusive of Base Pay, STI and, for some positions, LTI
21 compensation is a reasonable, necessary and prudent cost of providing service to

1 customers. Therefore, the Company requests recovery of the target level of Incentive
2 Compensation for all positions.

3 Q. PLEASE SUMMARIZE YOUR TESTIMONY WITH RESPECT TO THE
4 COMPANIES' SERP BENEFITS.

5 A. PSO's SERP benefits are necessary, reasonable and in line with programs offered by
6 similar-sized companies in both the utility and general industry. SERP benefits are part
7 of a market competitive total rewards package that benefits customers in the same way
8 customers benefit from the provision of base pay as part of the same market competitive
9 package. Customers also benefit from the economies of scale that are enabled by the
10 attraction and retention of employees with skills and abilities that are necessary to
11 operate and manage the companies' efficiently and effectively, which is fostered by the
12 SERP program.

Previous Rate Case Testimony List for Andrew R. Carlin

Company Witness Andrew R. Carlin has submitted rate case testimony in the following regulatory proceedings:

- To the Oklahoma Corporation Commission on behalf of Public Service Company of Oklahoma in Cause Nos. 201000050, 201300217, 201500208 and 201700151.
- To the Michigan Public Service Commission on behalf of Indiana Michigan Power in Case Nos. U-16180, U-16801 and U-18370.
- To the Indiana Utility Regulatory Commission on behalf of Indiana Michigan Power in Cause Nos. 44967 and 45235.
- To the West Virginia Public Service Commission on behalf of Appalachian Power Company and Wheeling Power Company in Case Nos. 10-0699-E-42T and 14-1152-42T.
- To the Virginia State Corporation Commission on behalf of Appalachian Power Company in Case No. PUE-2011-00037.
- To the Kentucky Public Service Commission on behalf of Kentucky Power Company in Case Nos 2009-00459, 2013-00197, 2014-00396 and 2017-00179.
- To the Texas Public Utility Commission on behalf of AEP Texas Inc. and for AEP Texas Central Division (Central Division) and AEP Texas North Division (North Division) PUC Docket Number 49494.
- To the Texas Public Utility Commission on behalf of Southwestern Electric Power Company in Dockets No. 40443, 46449 and 51415
- To the Arkansas Public Service Commission on behalf of Southwestern Electric Power Company in Docket No. 19-008-U.
- To the Public Utilities Commission of Ohio on behalf of Ohio Power Company in Case Nos. 20-585-EL-AIR, 20-586-EL-ATA and 20-587-EL-AAM

Surveys Completed and Used for Compensation Comparisons

Willis Towers Watson U.S. Compensation Data Bank (CDB):

2019 and 2020 Energy Services Industry - Executive Compensation Survey Report

2019 and 2020 Energy Services Industry - Middle Management, Professional & Support Compensation Survey Report

2019 and 2020 General Industry - Executive Compensation Survey Report

2019 and 2020 General Industry - Middle Management, Professional and Support Compensation Survey Report

2018 Energy Marketing and Trading Survey Report

2019 and 2020 Custom AEP Peer Group - Executive Compensation Surveys

2019 and 2020 Custom AEP Broad Peer Group - Executive Compensation Surveys

EAPDIS, LLC - 2019 and 2020 Energy Technical Craft Clerical Survey

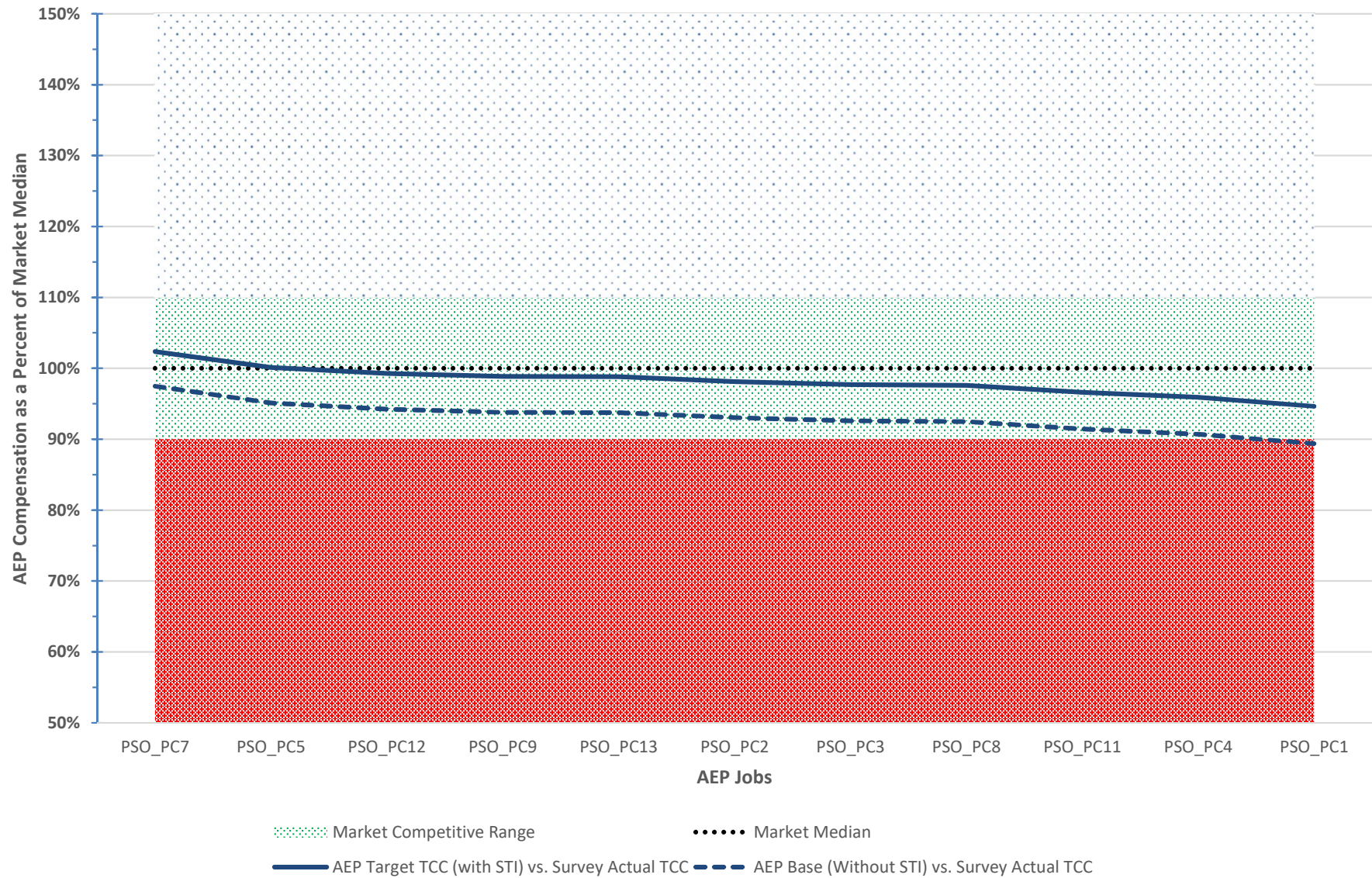
PSO Target TCC vs. Physical & Craft positions, Mountains / Plains region data

					EAPDIS, LLC 2020 Energy Technical Craft Clerical Survey - ETCCS (Regional Survey Median)			% Difference	
AEP Job	PSO Employees	Base ¹	Target Annual Incentive ²	Target TCC	Base ³	Actual Incentive	Actual TCC	AEP Target TCC vs. Survey Actual TCC	AEP Base vs. Survey Actual TCC
PSO									
PSO_PC1	6	\$62,085	\$3,104	\$65,189	\$63,642	\$5,043	\$68,685	-5.4%	-10.6%
PSO_PC2	14	\$85,614	\$4,281	\$89,895	\$88,550	\$3,030	\$91,580	-1.9%	-7.0%
PSO_PC3	25	\$60,976	\$3,049	\$64,025	\$61,300	\$4,200	\$65,500	-2.3%	-7.4%
PSO_PC4	6	\$85,724	\$4,286	\$90,010	\$90,817	\$2,882	\$93,699	-4.1%	-9.3%
PSO_PC5	6	\$87,318	\$4,366	\$91,684	\$88,550	\$3,030	\$91,580	0.1%	-4.9%
PSO_PC6	12	\$94,798	\$4,740	\$99,538	\$102,440	\$2,659	\$105,099	-5.6%	-10.9%
PSO_PC7	3	\$85,051	\$4,253	\$89,304	\$86,700	\$500	\$87,200	2.4%	-2.5%
PSO_PC8	14	\$78,217	\$3,911	\$82,128	\$81,400	\$2,700	\$84,100	-2.4%	-7.5%
PSO_PC9	46	\$86,243	\$4,312	\$90,555	\$88,500	\$3,100	\$91,600	-1.2%	-6.2%
PSO_PC10	15	\$78,944	\$3,947	\$82,892	\$84,200	\$3,500	\$87,700	-5.8%	-11.1%
PSO_PC11	6	\$83,637	\$4,182	\$87,819	\$87,100	\$3,700	\$90,800	-3.4%	-8.6%
PSO_PC12	29	\$89,164	\$4,458	\$93,622	\$90,200	\$4,100	\$94,300	-0.7%	-5.8%
PSO_PC13	16	\$73,726	\$3,686	\$77,412	\$75,815	\$2,522	\$78,337	-1.2%	-6.3%
PSO Total	198								
Average								-2.4%	-7.5%
TOTAL JOB COUNT		13			% of Jobs Above Market Competitive Range ⁴			0.0%	0.0%
TOTAL INCUMBENT COUNT		198			% of Jobs Below Market Competitive Range ⁴			0.0%	23.1%

Notes

- (1) As of December 31, 2020
(2) Target payout is 5 percent of base earnings for all physical and craft jobs
(3) Annualized from April 1, 2020 to December 31, 2020 @ 2.5% salary growth rate
(4) A market competitive range of +/- 10 percent has been used for all physical and craft positions

**PSO Physical and Craft Positions
vs. Market-Competitive Compensation (High to Low)
With and Without STI**



AEP Job	AEP Target TCC (with STI) vs. Survey Actual TCC	AEP Base (Without STI) vs. Survey Actual TCC	Below Market	Market Median	Market Competitive Range	Above Market
PSO_PC7	102.4%	97.5%	90.0%	100.0%	20.0%	40.0%
PSO_PC5	100.1%	95.1%	90.0%	100.0%	20.0%	40.0%
PSO_PC12	99.3%	94.2%	90.0%	100.0%	20.0%	40.0%
PSO_PC9	98.8%	93.8%	90.0%	100.0%	20.0%	40.0%
PSO_PC13	98.8%	93.7%	90.0%	100.0%	20.0%	40.0%
PSO_PC2	98.1%	93.0%	90.0%	100.0%	20.0%	40.0%
PSO_PC3	97.7%	92.6%	90.0%	100.0%	20.0%	40.0%
PSO_PC8	97.6%	92.5%	90.0%	100.0%	20.0%	40.0%
PSO_PC11	96.6%	91.4%	90.0%	100.0%	20.0%	40.0%
PSO_PC4	95.9%	90.7%	90.0%	100.0%	20.0%	40.0%
PSO_PC1	94.6%	89.4%	90.0%	100.0%	20.0%	40.0%
PSO_PC6	94.4%	89.1%	90.0%	100.0%	20.0%	40.0%
PSO_PC10	94.2%	88.9%	90.0%	100.0%	20.0%	40.0%

PSO: Target TCC NonExempt positions Versus Market Survey

		AEP Incumbent Data		
Rate case job identifier	Employee Count	Avg Base	Target Incentive (2)	Target TCC
PSO				
PSO_NE1	9	\$47,140	\$2,357	\$49,497
PSO_NE2	21	\$56,601	\$3,396	\$59,997
PSO_NE3	3	\$61,799	\$4,944	\$66,743
PSO_NE4	4	\$57,269	\$3,436	\$60,705
PSO_NE5	5	\$62,876	\$5,030	\$67,906
PSO_NE6	4	\$80,270	\$7,224	\$87,494
PSO_NE7	3	\$93,074	\$9,307	\$102,381
PSO_NE8	3	\$49,304	\$2,465	\$51,769
PSO_NE9	6	\$90,834	\$4,542	\$95,375
PSO_NE10	8	\$96,308	\$9,631	\$105,939
PSO_NE11	19	\$83,153	\$7,484	\$90,637
PSO_NE12	12	\$67,676	\$5,414	\$73,090
PSO_NE13	3	\$60,114	\$3,607	\$63,721
PSO_NE14	13	\$84,074	\$4,204	\$88,277
PSO Count	14			
PSO Incumbents	113			

Survey Results ¹			% Difference	
Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
\$47,022	\$472	\$47,494	4.2%	-0.7%
\$56,309	\$714	\$57,023	5.2%	-0.7%
\$62,738	\$1,063	\$63,801	4.6%	-3.1%
\$59,392	\$2,220	\$61,612	-1.5%	-7.0%
\$75,446	\$2,088	\$77,534	-12.4%	-18.9%
\$79,050	\$1,902	\$80,952	8.1%	-0.8%
\$80,807	\$230	\$81,037	26.3%	14.9%
\$44,661	\$2,228	\$46,889	10.4%	5.1%
\$82,882	\$0	\$82,882	15.1%	9.6%
\$91,024	\$3,808	\$94,832	11.7%	1.6%
\$71,479	\$3,825	\$75,304	20.4%	10.4%
\$61,553	\$4,587	\$66,140	10.5%	2.3%
\$52,414	\$2,829	\$55,243	15.3%	8.8%
\$78,818	\$1,863	\$80,681	9.4%	4.2%

AEP SERVICE CORP

SVC_NE1	3	\$51,622	\$3,097	\$54,720
SVC_NE2	4	\$59,343	\$4,747	\$64,090
SVC_NE3	27	\$45,512	\$2,276	\$47,788
SVC_NE4	71	\$56,852	\$3,411	\$60,263
SVC_NE5	4	\$38,777	\$1,939	\$40,716
SVC_NE6	3	\$54,307	\$3,258	\$57,566
SVC_NE7	4	\$55,984	\$3,359	\$59,343
SVC_NE8	10	\$67,007	\$5,361	\$72,367
SVC_NE9	5	\$81,780	\$7,360	\$89,140
SVC_NE10	6	\$61,422	\$4,914	\$66,336
SVC_NE11	241	\$45,723	\$2,286	\$48,009
SVC_NE12	10	\$51,393	\$3,084	\$54,477
SVC_NE13	3	\$57,453	\$3,447	\$60,901
SVC_NE14	3	\$45,745	\$2,287	\$48,032
SVC_NE15	5	\$52,009	\$3,121	\$55,129
SVC_NE16	4	\$86,822	\$8,682	\$95,504
SVC_NE17	8	\$79,225	\$7,130	\$86,356
SVC_NE18	4	\$65,969	\$5,278	\$71,247
SVC_NE19	8	\$52,343	\$3,141	\$55,484
SVC_NE20	7	\$49,324	\$2,466	\$51,790
SVC_NE21	3	\$69,243	\$3,462	\$72,705
SVC_NE22	4	\$53,741	\$3,224	\$56,965
SVC_NE23	4	\$77,125	\$6,941	\$84,066
SVC_NE24	6	\$79,050	\$3,953	\$83,003
SVC_NE25	36	\$90,650	\$4,532	\$95,182
SVC_NE26	76	\$89,342	\$8,934	\$98,276
SVC_NE27	37	\$66,534	\$5,323	\$71,856
SVC_NE28	27	\$55,461	\$3,328	\$58,789
SVC_NE29	5	\$47,398	\$2,370	\$49,768
SVC_NE30	7	\$86,854	\$8,685	\$95,540
SVC_NE31	14	\$97,581	\$9,758	\$107,340
SVC_NE32	11	\$73,825	\$6,644	\$80,469
SVC_NE33	4	\$58,789	\$4,703	\$63,492
SVC_NE34	7	\$48,771	\$2,439	\$51,209
AEPSC Job Count	34			
AEPSC Incumbent Count	671			
TOTAL JOB COUNT	48			
TOTAL INCUMBENT Count	784			

AVERAGE	2.5%	-4.2%
% of Jobs Above Market Competitive Range ³	25%	4%
% of Jobs Below Market Competitive Range ³	17%	33%

Notes:

(1) Survey Data from April 2020 Towers Watson Energy Services Middle Management & Professional Survey and Towers Watson General Industry Middle Management & Professional Survey, aged to December 31, 2020 at 3% annual rate.

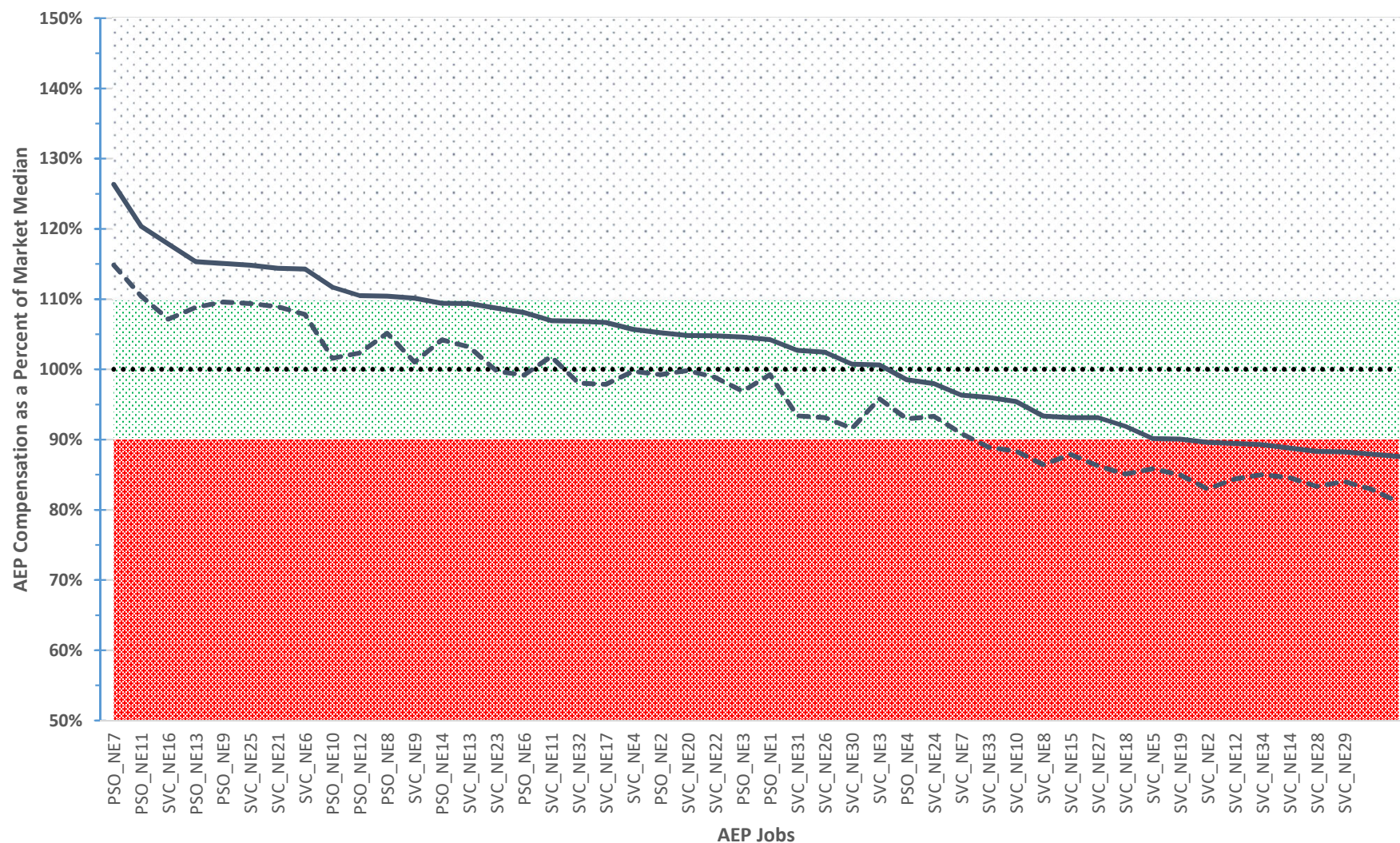
		AEP Incumbent Data		
Rate case job identifier	Employee Count	Avg Base	Target Incentive ⁽²⁾	Target TCC

Survey Results ¹			% Difference	
Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC

(2) Reflects annual target incentive.

(3) A market competitive range of +/- 10 percent has been used for these salaried nonexempt positions

**PSO and AEPSC Salaried Nonexempt Positions
vs. Market-Competitive Compensation (High to Low)
With and Without STI**



AEP Job	AEP Target TCC (with STI) vs. Survey Actual TCC	AEP Base (Without STI) vs. Survey Actual TCC	Market Low	Market Median Compensation	Market Competitive Range	Market Max
PSO_NE7	126.3%	114.9%	90.0%	100.0%	20.0%	40.0%
PSO_NE11	120.4%	110.4%	90.0%	100.0%	20.0%	40.0%
SVC_NE16	117.9%	107.1%	90.0%	100.0%	20.0%	40.0%
PSO_NE13	115.3%	108.8%	90.0%	100.0%	20.0%	40.0%
PSO_NE9	115.1%	109.6%	90.0%	100.0%	20.0%	40.0%
SVC_NE25	114.8%	109.4%	90.0%	100.0%	20.0%	40.0%
SVC_NE21	114.4%	108.9%	90.0%	100.0%	20.0%	40.0%
SVC_NE6	114.3%	107.8%	90.0%	100.0%	20.0%	40.0%
PSO_NE10	111.7%	101.6%	90.0%	100.0%	20.0%	40.0%
PSO_NE12	110.5%	102.3%	90.0%	100.0%	20.0%	40.0%
PSO_NE8	110.4%	105.1%	90.0%	100.0%	20.0%	40.0%
SVC_NE9	110.1%	101.0%	90.0%	100.0%	20.0%	40.0%
PSO_NE14	109.4%	104.2%	90.0%	100.0%	20.0%	40.0%
SVC_NE13	109.4%	103.2%	90.0%	100.0%	20.0%	40.0%
SVC_NE23	108.7%	99.7%	90.0%	100.0%	20.0%	40.0%
PSO_NE6	108.1%	99.2%	90.0%	100.0%	20.0%	40.0%
SVC_NE11	106.9%	101.8%	90.0%	100.0%	20.0%	40.0%
SVC_NE32	106.9%	98.0%	90.0%	100.0%	20.0%	40.0%
SVC_NE17	106.7%	97.9%	90.0%	100.0%	20.0%	40.0%
SVC_NE4	105.7%	99.7%	90.0%	100.0%	20.0%	40.0%
PSO_NE2	105.2%	99.3%	90.0%	100.0%	20.0%	40.0%
SVC_NE20	104.8%	99.8%	90.0%	100.0%	20.0%	40.0%
SVC_NE22	104.8%	98.9%	90.0%	100.0%	20.0%	40.0%
PSO_NE3	104.6%	96.9%	90.0%	100.0%	20.0%	40.0%
PSO_NE1	104.2%	99.3%	90.0%	100.0%	20.0%	40.0%
SVC_NE31	102.7%	93.4%	90.0%	100.0%	20.0%	40.0%
SVC_NE26	102.4%	93.1%	90.0%	100.0%	20.0%	40.0%
SVC_NE30	100.7%	91.6%	90.0%	100.0%	20.0%	40.0%
SVC_NE3	100.6%	95.8%	90.0%	100.0%	20.0%	40.0%
PSO_NE4	98.5%	93.0%	90.0%	100.0%	20.0%	40.0%
SVC_NE24	98.0%	93.3%	90.0%	100.0%	20.0%	40.0%
SVC_NE7	96.3%	90.9%	90.0%	100.0%	20.0%	40.0%
SVC_NE33	96.0%	88.9%	90.0%	100.0%	20.0%	40.0%
SVC_NE10	95.4%	88.3%	90.0%	100.0%	20.0%	40.0%
SVC_NE8	93.3%	86.4%	90.0%	100.0%	20.0%	40.0%
SVC_NE15	93.1%	87.9%	90.0%	100.0%	20.0%	40.0%
SVC_NE27	93.1%	86.2%	90.0%	100.0%	20.0%	40.0%
SVC_NE18	91.9%	85.1%	90.0%	100.0%	20.0%	40.0%
SVC_NE5	90.1%	85.8%	90.0%	100.0%	20.0%	40.0%
SVC_NE19	90.1%	85.0%	90.0%	100.0%	20.0%	40.0%
SVC_NE2	89.6%	83.0%	90.0%	100.0%	20.0%	40.0%
SVC_NE12	89.4%	84.4%	90.0%	100.0%	20.0%	40.0%
SVC_NE34	89.3%	85.0%	90.0%	100.0%	20.0%	40.0%
SVC_NE14	88.8%	84.6%	90.0%	100.0%	20.0%	40.0%
SVC_NE28	88.3%	83.3%	90.0%	100.0%	20.0%	40.0%
SVC_NE29	88.2%	84.0%	90.0%	100.0%	20.0%	40.0%

SVC_NE1	87.9%	82.9%	90.0%	100.0%	20.0%	40.0%
PSO_NE5	87.6%	81.1%	90.0%	100.0%	20.0%	40.0%

00054	GIS Technician	Unique Positions Only
00056	GIS Technician Sr	
00071	Administrative Asst	
00072	Administrative Asst Sr	
00243	Digital Print Prod Spec Assc	
00245	Digital Print Prod Spec Sr	
00458	Building Maint Tech-A	
00575	Telecomm Technician	
00576	Telecomm Technician Sr	
00577	Telecomm Technician Prin	
00578	Telecomm Technician Lead	
00677	Legal Administrative Asst Sr	
06242	Customer Ops Assc Sr	
07056	Business Solutions Associate	
07409	Payroll Specialist Sr	
07512	Accounting Asst	
07513	Accounting Asst Sr	
26213	IT Support Technician Lead	
26215	IT Support Technician Prin	
26216	IT Support Technician Sr	
26217	IT Support Technician	
26257	IT Support Technician Assc	
30568	Field Communications Rep Sr	
39264	Building Maint Tech-A	
43082	HR Data & Records Spec Sr	
52904	Storeroom Supv NE	
69301	Station Servicer A	
69302	Station Servicer	
71068	Designer Prin	
71104	Designer Sr	
71168	Designer	
71174	Designer Assc	
71980	Technician Prin	
71981	P&C Technician Spec Prin	
71982	Technician Sr	
71986	Technician	
71988	Technician Assc	
72251	Chemical Lab Tech	
91006	Coal Handler Aft 4Th Yr	

		AEP Incumbent Data			Survey Results ¹			% Difference		
Rate case job identifier	Employee Count	Avg Base	Target Incentive ⁽²⁾	Target TCC	Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC	
PSO										
00005	Engineering PSO_EX1	5	\$81,834	\$7,365	\$89,199	\$84,529	\$2,900	\$87,429	2.02%	-6.40%
00006	Engineering PSO_EX2	3	\$71,102	\$5,688	\$76,790	\$74,017	\$4,040	\$78,057	-1.62%	-8.91%
00036	Engineer PSO_EX3	8	\$80,416	\$7,237	\$87,653	\$84,529	\$2,900	\$87,429	0.26%	-8.02%
00037	Engineer A PSO_EX4	9	\$70,613	\$5,649	\$76,262	\$72,595	\$4,292	\$76,887	-0.81%	-8.16%
00038	Engineer P PSO_EX5	3	\$128,952	\$19,343	\$148,295	\$132,463	\$9,966	\$142,429	4.12%	-9.46%
00039	Engineer S PSO_EX6	8	\$104,592	\$10,459	\$115,051	\$107,690	\$7,030	\$114,720	0.29%	-8.83%
30460	Cust Svcs , PSO_EX7	3	\$96,709	\$9,671	\$106,380	\$119,066	\$13,541	\$132,607	-19.78%	-27.07%
30469	Cust Svcs , PSO_EX8	4	\$70,303	\$5,624	\$75,928	\$57,207	\$4,595	\$61,802	22.86%	13.76%
30560	Revenue P PSO_EX9	4	\$81,302	\$7,317	\$88,619	\$82,632	\$5,540	\$88,172	0.51%	-7.79%
30605	Customer / PSO_EX10	3	\$100,562	\$10,056	\$110,618	\$102,450	\$10,589	\$113,039	-2.14%	-11.04%
30606	Customer / PSO_EX11	3	\$117,136	\$11,714	\$128,850	\$116,142	\$12,214	\$128,356	0.38%	-8.74%
45995	Energy Pro PSO_EX12	5	\$123,571	\$18,536	\$142,107	\$137,904	\$17,117	\$155,021	-8.33%	-20.29%
45997	Energy Pro PSO_EX13	19	\$107,262	\$10,726	\$117,988	\$114,791	\$13,201	\$127,992	-7.82%	-16.20%
47371	Maintenanc PSO_EX14	3	\$121,755	\$18,263	\$140,018	\$135,686	\$18,255	\$153,941	-9.04%	-20.91%
47373	Maintenanc PSO_EX15	4	\$104,628	\$10,463	\$115,090	\$114,118	\$13,638	\$127,756	-9.91%	-18.10%
50924	External Af PSO_EX16	6	\$126,660	\$18,999	\$145,659	\$116,323	\$9,570	\$125,893	15.70%	0.61%
52524	SC Stores : PSO_EX17	3	\$88,441	\$8,844	\$97,285	\$80,418	\$3,169	\$83,587	16.39%	5.81%
58450	Utility Fore: PSO_EX18	4	\$54,476	\$3,269	\$57,745	\$59,599	\$4,076	\$63,675	-9.31%	-14.45%
67094	Distr Dispa PSO_EX19	3	\$122,570	\$12,257	\$134,827	\$115,744	\$15,857	\$131,601	2.45%	-6.86%
67249	EE&Consu PSO_EX20	5	\$93,994	\$9,399	\$103,393	\$97,898	\$9,369	\$107,267	-3.61%	-12.37%
67556	Functional PSO_EX21	3	\$68,927	\$5,514	\$74,441	\$67,482	\$2,191	\$69,673	6.84%	-1.07%
67808	Dist System PSO_EX22	9	\$96,589	\$9,659	\$106,248	\$100,351	\$9,561	\$109,912	-3.33%	-12.12%
67814	Dist Line C PSO_EX23	9	\$94,765	\$9,477	\$104,242	\$100,351	\$9,561	\$109,912	-5.16%	-13.78%
67822	Dist System PSO_EX24	15	\$113,718	\$11,372	\$125,090	\$108,381	\$11,474	\$119,855	4.37%	-5.12%
68805	Dist Projec PSO_EX25	3	\$86,899	\$8,690	\$95,589	\$91,329	\$8,377	\$99,706	-4.13%	-12.84%
69019	Station Sup PSO_EX26	3	\$111,027	\$11,103	\$122,130	\$117,890	\$12,694	\$130,584	-6.47%	-14.98%
69840	Trans Disp: PSO_EX27	3	\$131,113	\$19,667	\$150,780	\$129,310	\$18,623	\$147,933	1.92%	-11.37%
PSO Count		27								
PSO Incumbents		177				AVERAGE			-0.5%	-9.8%

AEP SERVICE CORP

52123	Buyer/Anal SVC_E1	3	\$57,948	\$3,477	\$61,424	\$58,018	\$2,216	\$60,234	1.98%	-3.80%
52025	Contract Ar SVC_E2	3	\$51,005	\$3,060	\$54,066	\$59,198	\$383	\$59,581	-9.26%	-14.39%
30362	Cust Opers SVC_E3	5	\$57,059	\$3,424	\$60,483	\$51,484	\$100	\$51,584	17.25%	10.61%
40097	Doc Mgmt , SVC_E4	5	\$51,937	\$3,116	\$55,053	\$58,246	\$729	\$58,975	-6.65%	-11.93%
58450	Utility Fore: SVC_E5	5	\$57,604	\$3,456	\$61,061	\$59,599	\$4,076	\$63,675	-4.11%	-9.53%
01177	Accountant SVC_E6	6	\$60,833	\$4,867	\$65,700	\$69,527	\$4,732	\$74,259	-11.53%	-18.08%
07052	Business S SVC_E7	5	\$62,599	\$5,008	\$67,606	\$66,273	\$1,268	\$67,541	0.10%	-7.32%
52100	Buyer/Anal: SVC_E8	3	\$67,501	\$5,400	\$72,902	\$70,243	\$3,779	\$74,022	-1.51%	-8.81%
10736	Claims Adj: SVC_E9	5	\$71,249	\$5,700	\$76,948	\$63,381	\$3,610	\$66,991	14.86%	6.36%
52026	Contract Ar SVC_E10	3	\$66,401	\$5,312	\$71,713	\$71,573	\$2,874	\$74,447	-3.67%	-10.81%
30363	Cust Opers SVC_E11	4	\$63,848	\$5,108	\$68,956	\$60,717	\$3,907	\$64,624	6.70%	-1.20%
10147	Digital & Sr SVC_E12	5	\$60,740	\$4,859	\$65,599	\$63,043	\$2,906	\$65,949	-0.53%	-7.90%
63137	DMS/EMS/ SVC_E13	19	\$65,208	\$5,217	\$70,425	\$75,985	\$6,340	\$82,325	-14.45%	-20.79%
00037	Engineer A SVC_E14	74	\$72,256	\$5,780	\$78,036	\$72,595	\$4,292	\$76,887	1.49%	-6.02%
00006	Engineering SVC_E15	9	\$72,510	\$5,801	\$78,310	\$74,017	\$4,040	\$78,057	0.32%	-7.11%
00074	Exec Admii SVC_E16	16	\$68,256	\$5,461	\$73,717	\$59,303	\$217	\$59,520	23.85%	14.68%
67556	Functional SVC_E17	7	\$62,751	\$5,020	\$67,772	\$67,482	\$2,191	\$69,673	-2.73%	-9.93%
00464	HR Busine: SVC_E18	8	\$65,983	\$5,279	\$71,262	\$71,477	\$2,162	\$73,639	-3.23%	-10.40%
00121	IT Business: SVC_E19	10	\$61,708	\$4,937	\$66,644	\$67,482	\$2,191	\$69,673	-4.35%	-11.43%
26335	IT Software SVC_E20	11	\$61,734	\$4,939	\$66,673	\$69,527	\$2,914	\$72,441	-7.96%	-14.78%
26133	IT System , SVC_E21	6	\$64,613	\$5,169	\$69,782	\$63,392	\$965	\$64,357	8.43%	0.40%
26330	IT Systems SVC_E22	3	\$59,534	\$4,763	\$64,297	\$60,997	\$2,205	\$63,202	1.73%	-5.80%
52456	Material Cc SVC_E23	3	\$67,035	\$5,363	\$72,398	\$61,039	\$7,652	\$68,691	5.40%	-2.41%
26278	Network Ar SVC_E24	3	\$61,203	\$4,896	\$66,100	\$60,961	\$3,333	\$64,294	2.81%	-4.81%
00283	Strategic S SVC_E25	3	\$64,029	\$5,122	\$69,151	\$70,243	\$3,779	\$74,022	-6.58%	-13.50%
43819	Talent Acq: SVC_E26	8	\$67,645	\$5,412	\$73,056	\$72,083	\$6,197	\$78,280	-6.67%	-13.59%
58447	Utility Fore: SVC_E27	9	\$65,922	\$5,274	\$71,196	\$73,176	\$5,543	\$78,719	-9.56%	-16.26%
01182	Accountant SVC_E28	9	\$71,233	\$6,411	\$77,644	\$89,126	\$7,708	\$96,834	-19.82%	-26.44%
01560	Audit Cons SVC_E29	6	\$76,850	\$6,917	\$83,767	\$75,221	\$3,488	\$78,709	6.43%	-2.36%
10463	Budget Anz SVC_E30	4	\$71,835	\$6,465	\$78,300	\$71,912	\$1,330	\$73,242	6.91%	-1.92%
13698	Chemist SVC_E31	3	\$68,012	\$6,121	\$74,133	\$67,656	\$3,845	\$71,501	3.68%	-4.88%
10738	Claims Adj: SVC_E32	3	\$81,549	\$7,339	\$88,889	\$83,593	\$4,704	\$88,297	0.67%	-7.64%
30214	Customer (SVC_E33	14	\$71,139	\$6,402	\$77,541	\$59,596	\$7,159	\$66,755	16.16%	6.57%
01158	Data Scien SVC_E34	5	\$69,550	\$6,260	\$75,810	\$64,252	\$1,841	\$66,093	14.70%	5.23%
00036	Engineer SVC_E35	137	\$77,815	\$7,003	\$84,819	\$84,529	\$2,900	\$87,429	-2.99%	-11.00%
00005	Engineering SVC_E36	19	\$76,792	\$6,911	\$83,703	\$84,529	\$2,900	\$87,429	-4.26%	-12.17%
00075	Exec Admii SVC_E37	4	\$85,425	\$7,688	\$93,113	\$69,261	\$1,291	\$70,552	31.98%	21.08%
32216	Financial A SVC_E38	3	\$73,142	\$6,583	\$79,724	\$72,039	\$2,744	\$74,783	6.61%	-2.19%
67555	Functional SVC_E39	7	\$75,013	\$6,751	\$81,764	\$81,797	\$4,233	\$86,030	-4.96%	-12.81%
27567	GIS Specia SVC_E40	6	\$72,024	\$6,482	\$78,506	\$71,411	\$5,235	\$76,646	2.43%	-6.03%
00126	IT Business: SVC_E41	8	\$71,242	\$6,412	\$77,654	\$81,797	\$4,233	\$86,030	-9.74%	-17.19%

		AEP Incumbent Data			Survey Results ¹			% Difference		
	Rate case job identifier	Employee Count	Avg Base	Target Incentive ⁽²⁾	Target TCC	Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
00239	IT Project M SVC_E42	3	\$74,701	\$6,723	\$81,424	\$71,572	\$5,382	\$76,954	5.81%	-2.93%
00444	IT Risk & C SVC_E43	4	\$77,144	\$6,943	\$84,087	\$86,604	\$6,601	\$93,205	-9.78%	-17.23%
26333	IT Software SVC_E44	10	\$77,184	\$6,947	\$84,130	\$94,126	-\$4,511	\$89,615	-6.12%	-13.87%
26132	IT System / SVC_E45	21	\$77,581	\$6,982	\$84,563	\$79,368	\$2,054	\$81,422	3.86%	-4.72%
26210	IT Systems SVC_E46	5	\$71,270	\$6,414	\$77,684	\$74,545	\$8,564	\$83,109	-6.53%	-14.25%
00476	Meter Data SVC_E47	3	\$77,075	\$6,937	\$84,012	\$87,114	\$4,089	\$91,203	-7.89%	-15.49%
56098	MRO Busir SVC_E48	3	\$74,629	\$6,717	\$81,345	\$81,797	\$4,233	\$86,030	-5.45%	-13.25%
26279	Network Ar SVC_E49	3	\$72,832	\$6,555	\$79,387	\$77,466	\$4,447	\$81,913	-3.08%	-11.09%
00048	Network Cc SVC_E50	6	\$70,400	\$6,336	\$76,736	\$66,881	\$1,045	\$67,926	12.97%	3.64%
58232	Real Estate SVC_E51	6	\$73,996	\$6,660	\$80,656	\$71,536	\$3,016	\$74,552	8.19%	-0.75%
56037	Regulatory SVC_E52	11	\$73,895	\$6,651	\$80,546	\$78,290	\$6,509	\$84,799	-5.02%	-12.86%
59128	Safety & Hc SVC_E53	4	\$80,601	\$7,254	\$87,856	\$74,537	\$3,106	\$77,643	13.15%	3.81%
00339	Security Pr SVC_E54	3	\$71,241	\$6,412	\$77,653	\$71,572	\$5,382	\$76,954	0.91%	-7.42%
00355	Security Sp SVC_E55	11	\$76,174	\$6,856	\$83,030	\$83,173	\$6,519	\$89,692	-7.43%	-15.07%
00350	Security Te SVC_E56	17	\$71,181	\$6,406	\$77,587	\$65,180	\$3,850	\$69,030	12.40%	3.12%
00620	Telecom Pr SVC_E57	3	\$75,591	\$6,803	\$82,394	\$71,572	\$5,382	\$76,954	7.07%	-1.77%
69844	Trans Disp. SVC_E58	8	\$73,182	\$6,221	\$79,403	\$84,246	\$7,582	\$91,828	-13.53%	-20.30%
58402	Trans Righ SVC_E59	14	\$72,426	\$6,518	\$78,944	\$77,075	\$6,438	\$83,513	-5.47%	-13.28%
58446	Utility Fore: SVC_E60	7	\$80,903	\$7,281	\$88,185	\$88,627	\$9,016	\$97,643	-9.69%	-17.14%
01174	Accountant SVC_E61	7	\$85,363	\$8,536	\$93,899	\$104,645	\$11,909	\$116,554	-19.44%	-26.76%
00650	Agilist SVC_E62	4	\$87,200	\$8,720	\$95,920	\$92,911	\$6,683	\$99,594	-3.69%	-12.44%
01676	Audit Cons SVC_E63	8	\$84,200	\$8,420	\$92,620	\$94,066	\$4,822	\$98,888	-6.34%	-14.85%
43356	Benefits Cc SVC_E64	5	\$92,712	\$9,271	\$101,984	\$87,668	\$3,719	\$91,387	11.60%	1.45%
52021	Buyer/Anal SVC_E65	3	\$94,869	\$9,487	\$104,356	\$88,647	\$5,822	\$94,469	10.47%	0.42%
30237	Call Center SVC_E66	3	\$93,183	\$9,318	\$102,502	\$100,533	\$5,039	\$105,572	-2.91%	-11.73%
00661	Charge Tex SVC_E67	6	\$94,975	\$9,498	\$104,473	\$92,021	\$3,796	\$95,817	9.03%	-0.88%
22455	Claims Adj: SVC_E68	4	\$100,060	\$10,006	\$110,066	\$101,929	\$7,739	\$109,668	0.36%	-8.76%
30357	Collection S SVC_E69	3	\$99,852	\$9,985	\$109,837	\$67,290	\$4,858	\$72,148	52.24%	38.40%
00237	Communic: SVC_E70	3	\$86,461	\$8,646	\$95,107	\$86,620	\$1,092	\$87,712	8.43%	-1.43%
52027	Contract Ar SVC_E71	21	\$86,709	\$8,671	\$95,380	\$89,550	\$2,662	\$92,212	3.44%	-5.97%
30246	Customer (SVC_E72	17	\$96,628	\$9,663	\$106,291	\$87,352	\$10,655	\$98,007	8.45%	-1.41%
01159	Data Scien SVC_E73	4	\$80,742	\$8,074	\$88,816	\$75,597	\$3,989	\$79,586	11.60%	1.45%
63136	DMS/EMS/ SVC_E74	23	\$83,940	\$8,394	\$92,334	\$87,539	\$8,032	\$95,571	-3.39%	-12.17%
00323	ENRA NEFSVC_E75	4	\$81,219	\$8,122	\$89,341	\$100,623	\$11,398	\$112,021	-20.25%	-27.50%
21314	Environment SVC_E76	7	\$86,595	\$8,659	\$95,254	\$101,861	\$2,171	\$104,032	-8.44%	-16.76%
10502	Financial A SVC_E77	8	\$85,832	\$8,583	\$94,415	\$90,760	\$4,256	\$95,016	-0.63%	-9.67%
10457	Financial R SVC_E78	5	\$90,000	\$9,000	\$99,000	\$92,021	\$7,290	\$99,311	-0.31%	-9.38%
67553	Functional SVC_E79	12	\$93,729	\$9,373	\$103,102	\$100,533	\$5,039	\$105,572	-2.34%	-11.22%
67544	Functional SVC_E80	9	\$94,113	\$9,411	\$103,524	\$92,021	\$6,122	\$98,143	5.48%	-4.11%
27563	GIS Specia SVC_E81	3	\$90,095	\$9,010	\$99,105	\$87,836	\$8,831	\$96,667	2.52%	-6.80%
00465	HR Busine: SVC_E82	15	\$84,344	\$8,434	\$92,779	\$92,321	\$4,813	\$97,134	-4.48%	-13.17%
00127	IT Business: SVC_E83	10	\$98,775	\$9,877	\$108,652	\$100,533	\$5,039	\$105,572	2.92%	-6.44%
26394	IT Qual As: SVC_E84	3	\$102,113	\$10,211	\$112,325	\$106,127	-\$351	\$105,776	6.19%	-3.46%
26332	IT Software SVC_E85	23	\$97,599	\$9,760	\$107,359	\$115,069	-\$2,599	\$112,470	-4.54%	-13.22%
26131	IT System / SVC_E86	20	\$92,575	\$9,258	\$101,833	\$99,768	\$1,749	\$101,517	0.31%	-8.81%
26209	IT Systems SVC_E87	10	\$94,599	\$9,460	\$104,059	\$104,857	\$8,939	\$113,796	-8.56%	-16.87%
26296	IT Training SVC_E88	3	\$91,300	\$9,130	\$100,430	\$84,326	\$4,072	\$88,398	13.61%	3.28%
67400	NERC Con SVC_E89	3	\$80,453	\$8,045	\$88,498	\$94,930	\$7,081	\$102,011	-13.25%	-21.13%
26281	Network Ar SVC_E90	5	\$83,305	\$8,331	\$91,636	\$97,890	\$4,535	\$102,425	-10.53%	-18.67%
00105	Network Cc SVC_E91	36	\$84,529	\$8,453	\$92,982	\$82,819	\$2,941	\$85,760	8.42%	-1.44%
29016	Paralegal S SVC_E92	4	\$65,968	\$6,597	\$72,565	\$92,763	\$4,340	\$97,103	-25.27%	-32.06%
46228	Planner Sr SVC_E93	4	\$96,141	\$9,614	\$105,755	\$101,247	\$9,240	\$110,487	-4.28%	-12.98%
45989	Plant Syste SVC_E94	12	\$88,728	\$8,873	\$97,600	\$103,495	\$9,359	\$112,854	-13.52%	-21.38%
01241	Real Estate SVC_E95	4	\$82,813	\$8,281	\$91,095	\$87,854	\$6,102	\$93,956	-3.05%	-11.86%
09965	Real Time SVC_E96	10	\$91,484	\$9,148	\$100,633	\$95,648	\$7,379	\$103,027	-2.32%	-11.20%
60159	Region Sec SVC_E97	6	\$85,644	\$8,564	\$94,209	\$89,846	\$3,098	\$92,944	1.36%	-7.85%
56014	Regulatory SVC_E98	9	\$86,097	\$8,610	\$94,707	\$97,120	\$9,295	\$106,415	-11.00%	-19.09%
59104	Safety & Hc SVC_E99	11	\$94,000	\$9,400	\$103,400	\$90,819	\$5,303	\$96,122	7.57%	-2.21%
52524	SC Stores : SVC_E100	6	\$92,937	\$9,294	\$102,231	\$80,418	\$3,169	\$83,587	22.30%	11.19%
01136	SC/P/FO S SVC_E101	3	\$97,872	\$9,787	\$107,659	\$100,533	\$5,039	\$105,572	1.98%	-7.29%
69857	SCC Reliat SVC_E102	4	\$87,874	\$8,787	\$96,662	\$93,245	\$6,320	\$99,565	-2.92%	-11.74%
00356	Security Sp SVC_E103	5	\$95,778	\$9,578	\$105,356	\$108,761	\$9,908	\$118,669	-11.22%	-19.29%
00349	Security Te SVC_E104	9	\$86,764	\$8,676	\$95,441	\$84,184	\$6,421	\$90,605	5.34%	-4.24%
30403	Special Coi SVC_E105	3	\$94,243	\$9,424	\$103,667	\$100,533	\$5,039	\$105,572	-1.80%	-10.73%
52112	Strategic S SVC_E106	7	\$85,128	\$8,513	\$93,641	\$88,647	\$5,822	\$94,469	-0.88%	-9.89%
52415	Supply Chr SVC_E107	3	\$89,993	\$8,999	\$98,992	\$90,199	\$3,797	\$93,996	5.32%	-4.26%
03409	Tax Analys SVC_E108	6	\$83,680	\$8,368	\$92,048	\$90,747	\$2,898	\$93,645	-1.70%	-10.64%
00124	Technical TSVC_E109	13	\$94,833	\$9,483	\$104,317	\$92,699	\$1,833	\$94,532	10.35%	0.32%
00621	Telecom Pr SVC_E110	5	\$84,983	\$8,498	\$93,481	\$92,911	\$6,683	\$99,594	-6.14%	-14.67%
00324	TFS Trans: SVC_E111	3	\$80,085	\$8,009	\$88,094	\$86,923	\$6,700	\$93,623	-5.91%	-14.46%
67343	Trans Bus : SVC_E112	9	\$91,696	\$9,170	\$100,866	\$88,844	\$2,508	\$91,352	10.41%	0.38%
69877	Trans Cons: SVC_E113	28	\$92,006	\$9,201	\$101,207	\$102,306	\$9,603	\$111,909	-9.56%	-17.78%
69843	Trans Disp: SVC_E114	9	\$86,251	\$8,625	\$94,876	\$102,154	\$7,593	\$109,747	-13.55%	-21.41%
26401	Trans Engr SVC_E115	4	\$87,105	\$8,711	\$95,816	\$99,768	\$1,749	\$101,517	-5.62%	-14.20%
69980	Trans Field SVC_E116	20	\$94,216	\$9,422	\$103,638	\$102,306	\$9,603	\$111,909	-7.39%	-15.81%

		AEP Incumbent Data			Survey Results ¹			% Difference	
Rate case job identifier	Employee Count	Avg Base	Target Incentive ⁽²⁾	Target TCC	Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
68731	Trans Proje SVC_E117	9	\$85,224	\$8,522	\$93,746	\$91,329	\$8,377	\$99,706	-5.98% -14.52%
58428	Trans Righ SVC_E118	4	\$83,085	\$8,309	\$91,394	\$95,296	\$9,255	\$104,551	-12.58% -20.53%
01210	Accounting SVC_E119	8	\$110,446	\$11,045	\$121,491	\$111,164	\$13,404	\$124,568	-2.47% -11.34%
00651	Agilist Sr SVC_E120	3	\$104,167	\$10,417	\$114,583	\$117,583	\$10,789	\$128,372	-10.74% -18.86%
00383	AIS Analys SVC_E121	3	\$112,567	\$11,257	\$123,823	\$116,140	\$3,772	\$119,912	3.26% -6.13%
10008	Budget Anz SVC_E122	8	\$107,897	\$10,790	\$118,687	\$103,983	\$6,160	\$110,143	7.76% -2.04%
00153	Bus Contin SVC_E123	3	\$102,742	\$10,274	\$113,016	\$106,374	\$11,159	\$117,533	-3.84% -12.58%
45016	Chemist Pr SVC_E124	4	\$100,708	\$10,071	\$110,779	\$116,144	\$11,288	\$127,432	-13.07% -20.97%
00236	Communic SVC_E125	3	\$94,494	\$9,449	\$103,944	\$117,583	\$5,119	\$122,702	-15.29% -22.99%
52028	Contract Ar SVC_E126	16	\$109,150	\$10,915	\$120,065	\$113,120	\$5,644	\$118,764	1.10% -8.10%
28019	Counsel SVC_E127	3	\$92,671	\$9,267	\$101,938	\$79,288	\$88	\$79,376	28.42% 16.75%
63134	DMS/EMS/ SVC_E128	15	\$100,865	\$10,087	\$110,952	\$106,537	\$10,941	\$117,478	-5.56% -14.14%
00039	Engineer S SVC_E129	205	\$101,704	\$10,170	\$111,875	\$107,690	\$7,030	\$114,720	-2.48% -11.35%
00008	Engineering SVC_E130	40	\$100,757	\$10,076	\$110,833	\$107,690	\$7,030	\$114,720	-3.39% -12.17%
00359	ENRA NEFSVC_E131	6	\$97,244	\$9,724	\$106,968	\$128,026	\$17,905	\$145,931	-26.70% -33.36%
00044	Environmei SVC_E132	6	\$95,120	\$9,512	\$104,632	\$102,665	\$4,664	\$107,329	-2.51% -11.38%
21316	Environmei SVC_E133	7	\$99,408	\$9,941	\$109,349	\$116,768	\$4,444	\$121,212	-9.79% -17.99%
42333	Field Procu SVC_E134	6	\$100,500	\$10,050	\$110,550	\$112,397	\$8,212	\$120,609	-8.34% -16.67%
10499	Financial A SVC_E135	10	\$104,911	\$10,491	\$115,402	\$115,438	\$8,280	\$123,718	-6.72% -15.20%
41234	Forecast Ar SVC_E136	3	\$104,650	\$10,465	\$115,115	\$122,026	\$13,142	\$135,168	-14.84% -22.58%
00222	Fuel Buyer SVC_E137	3	\$108,413	\$10,841	\$119,255	\$117,481	\$13,601	\$131,082	-9.02% -17.29%
67542	Functional SVC_E138	10	\$109,578	\$10,958	\$120,536	\$124,360	\$9,684	\$134,044	-10.08% -18.25%
18730	Gen Constr SVC_E139	15	\$104,738	\$10,474	\$115,212	\$108,062	\$10,594	\$118,656	-2.90% -11.73%
17537	Gen Projec SVC_E140	12	\$99,292	\$9,929	\$109,221	\$125,407	\$13,240	\$138,647	-21.22% -28.39%
00466	HR Busine: SVC_E141	6	\$104,065	\$10,407	\$114,472	\$119,948	\$9,419	\$129,367	-11.51% -19.56%
44528	HRIS Cons SVC_E142	5	\$121,020	\$12,102	\$133,122	\$115,295	\$6,982	\$122,277	8.87% -1.03%
26115	IT Architect SVC_E143	16	\$113,013	\$11,301	\$124,314	\$114,736	\$7,626	\$122,362	1.60% -7.64%
00128	IT Business: SVC_E144	26	\$111,750	\$11,175	\$122,925	\$124,360	\$9,684	\$134,044	-8.29% -16.63%
26313	IT Project I SVC_E145	19	\$105,926	\$10,593	\$116,518	\$117,583	\$10,789	\$128,372	-9.23% -17.49%
00445	IT Risk & CSVC_E146	11	\$101,719	\$10,172	\$111,891	\$104,956	\$10,472	\$115,428	-3.06% -11.88%
26118	IT Software SVC_E147	50	\$117,770	\$11,777	\$129,548	\$138,806	\$2,104	\$140,910	-8.06% -16.42%
26129	IT System / SVC_E148	28	\$113,502	\$11,350	\$124,852	\$123,076	\$4,942	\$128,018	-2.47% -11.34%
26207	IT Systems SVC_E149	18	\$116,831	\$11,683	\$128,514	\$124,952	\$17,433	\$142,385	-9.74% -17.95%
56094	MRO Busir SVC_E150	3	\$109,600	\$10,960	\$120,560	\$124,360	\$9,684	\$134,044	-10.06% -18.24%
67402	NERC Cor SVC_E151	4	\$89,685	\$8,968	\$98,653	\$114,236	\$13,610	\$127,846	-22.83% -29.85%
00049	Network Cr SVC_E152	39	\$101,500	\$10,150	\$111,650	\$111,815	\$6,072	\$117,887	-5.29% -13.90%
44222	Org Develc SVC_E153	6	\$117,562	\$11,756	\$129,318	\$117,209	\$8,801	\$126,010	2.63% -6.70%
46227	Planner Pri SVC_E154	3	\$111,206	\$11,121	\$122,327	\$116,777	\$14,311	\$131,088	-6.68% -15.17%
21249	Plant Envir SVC_E155	5	\$112,282	\$11,228	\$123,510	\$116,768	\$4,444	\$121,212	1.90% -7.37%
09964	Real Time SVC_E156	4	\$101,996	\$10,200	\$112,196	\$113,916	\$14,887	\$128,803	-12.89% -20.81%
58455	Region For SVC_E157	3	\$107,757	\$10,776	\$118,533	\$104,291	\$11,915	\$116,206	2.00% -7.27%
00171	Region Ger SVC_E158	3	\$98,802	\$9,880	\$108,682	\$104,262	\$11,583	\$115,845	-6.18% -14.71%
56038	Regulatory SVC_E159	6	\$106,776	\$10,678	\$117,454	\$123,930	\$15,582	\$139,512	-15.81% -23.46%
59107	Safety & Hs SVC_E160	7	\$104,133	\$10,413	\$114,546	\$121,391	\$5,948	\$127,339	-10.05% -18.22%
69856	SCC Reliat SVC_E161	18	\$103,915	\$10,392	\$114,307	\$121,772	\$13,747	\$135,519	-15.65% -23.32%
00357	Security Sp SVC_E162	11	\$106,576	\$10,658	\$117,234	\$129,474	\$15,530	\$145,004	-19.15% -26.50%
00351	Security Te SVC_E163	17	\$100,284	\$10,028	\$110,312	\$102,968	\$14,913	\$117,881	-6.42% -14.93%
69019	Station Supr SVC_E164	18	\$110,719	\$11,072	\$121,791	\$117,890	\$12,694	\$130,584	-6.73% -15.21%
52111	Strategic S SVC_E165	6	\$106,155	\$10,616	\$116,771	\$112,397	\$8,212	\$120,609	-3.18% -11.98%
03408	Tax Analys SVC_E166	8	\$94,730	\$9,473	\$104,203	\$112,357	\$6,397	\$118,754	-12.25% -20.23%
00196	Technical I SVC_E167	3	\$115,849	\$11,585	\$127,434	\$107,358	\$1,672	\$109,030	16.88% 6.25%
00622	Telecom Pr SVC_E168	3	\$99,657	\$9,966	\$109,623	\$117,583	\$10,789	\$128,372	-14.61% -22.37%
67344	Trans Bus / SVC_E169	6	\$96,163	\$9,616	\$105,779	\$103,983	\$6,160	\$110,143	-3.96% -12.69%
69842	Trans Disp: SVC_E170	29	\$102,368	\$10,237	\$112,605	\$114,234	\$13,931	\$128,165	-12.14% -20.13%
69995	Trans Line SVC_E171	10	\$111,252	\$11,125	\$122,377	\$121,283	\$11,018	\$132,301	-7.50% -15.91%
68705	Trans Proje SVC_E172	32	\$103,702	\$10,370	\$114,072	\$111,604	\$14,171	\$125,775	-9.30% -17.55%
69875	Trans Righ SVC_E173	3	\$110,501	\$11,050	\$121,551	\$113,186	\$11,319	\$124,505	-2.37% -11.25%
13300	Workplace SVC_E174	3	\$95,856	\$9,586	\$105,442	\$100,714	\$3,014	\$103,728	1.65% -7.59%
00652	Agilist Leac SVC_E175	3	\$138,933	\$20,840	\$159,773	\$140,411	\$16,124	\$156,535	2.07% -11.24%
01530	Audit Proje SVC_E176	15	\$113,340	\$17,001	\$130,341	\$119,474	\$14,164	\$133,638	-2.47% -15.19%
01132	Category I SVC_E177	8	\$122,175	\$18,326	\$140,501	\$133,507	\$10,038	\$143,545	-2.12% -14.89%
00637	Charge Tex SVC_E178	7	\$126,029	\$18,904	\$144,933	\$140,009	\$8,145	\$148,154	-2.17% -14.93%
30501	Customer s SVC_E179	3	\$125,703	\$18,855	\$144,559	\$130,168	\$12,000	\$142,168	1.68% -11.58%
01161	Data Scien SVC_E180	3	\$120,658	\$18,099	\$138,756	\$130,368	\$12,125	\$142,493	-2.62% -15.32%
67261	Dist Syst P SVC_E181	3	\$142,813	\$21,422	\$164,235	\$141,965	\$19,709	\$161,674	1.58% -11.67%
63130	DMS/EMS/ SVC_E182	9	\$122,168	\$18,325	\$140,493	\$127,273	\$11,280	\$138,553	1.40% -11.83%
30427	Econ & Bus: SVC_E183	3	\$127,057	\$19,059	\$146,116	\$127,071	\$17,790	\$144,861	0.87% -12.29%
00038	Engineer P SVC_E184	111	\$124,707	\$18,706	\$143,413	\$132,463	\$9,966	\$142,429	0.69% -12.44%
00360	ENRA NEFSVC_E185	9	\$114,994	\$17,249	\$132,243	\$141,304	\$18,205	\$159,509	-17.09% -27.91%
00043	Environmei SVC_E186	7	\$117,427	\$17,614	\$135,042	\$123,415	\$5,369	\$128,784	4.86% -8.82%
41041	Environmei SVC_E187	12	\$123,379	\$18,507	\$141,885	\$139,930	\$4,361	\$144,291	-1.67% -14.49%
10647	Financial A SVC_E188	10	\$126,603	\$18,990	\$145,593	\$148,257	\$12,116	\$160,373	-9.22% -21.06%
17536	Gen Projec SVC_E189	8	\$125,300	\$18,795	\$144,095	\$133,738	\$20,061	\$153,799	-6.31% -18.53%
26113	IT Architect SVC_E190	26	\$132,502	\$19,875	\$152,378	\$138,066	\$9,717	\$147,783	3.11% -10.34%
00129	IT Business: SVC_E191	19	\$127,069	\$19,060	\$146,130	\$144,373	\$11,832	\$156,205	-6.45% -18.65%

		AEP Incumbent Data			Survey Results ¹			% Difference		
	Rate case job identifier	Employee Count	Avg Base	Target Incentive ⁽²⁾	Target TCC	Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
26264	IT Databas SVC_E192	12	\$131,367	\$19,705	\$151,072	\$134,469	\$9,940	\$144,409	4.61%	-9.03%
26315	IT Project MSVC_E193	17	\$135,116	\$20,267	\$155,384	\$140,411	\$16,124	\$156,535	-0.74%	-13.68%
00446	IT Risk & CSVC_E194	5	\$120,523	\$18,078	\$138,601	\$120,807	\$24,213	\$145,020	-4.43%	-16.89%
00158	IT Software SVC_E195	3	\$129,050	\$19,358	\$148,408	\$157,224	\$11,682	\$168,906	-12.14%	-23.60%
26269	IT System / SVC_E196	12	\$137,401	\$20,610	\$158,011	\$151,092	\$101	\$151,193	4.51%	-9.12%
30458	National Ac SVC_E197	4	\$131,729	\$19,759	\$151,488	\$120,990	\$15,716	\$136,706	10.81%	-3.64%
26093	Network Cc SVC_E198	26	\$118,500	\$17,775	\$136,275	\$130,028	\$6,704	\$136,732	-0.33%	-13.33%
19209	Proj Enviro SVC_E199	3	\$124,618	\$18,693	\$143,311	\$127,327	\$13,155	\$140,482	2.01%	-11.29%
09960	Real Time SVC_E200	3	\$128,887	\$19,333	\$148,220	\$128,905	\$23,493	\$152,398	-2.74%	-15.43%
00992	Resource FSVC_E201	6	\$126,441	\$18,966	\$145,407	\$144,749	\$20,873	\$165,622	-12.21%	-23.66%
69855	SCC Reliat SVC_E202	3	\$122,424	\$18,364	\$140,788	\$137,830	\$17,976	\$155,806	-9.64%	-21.43%
69853	SCC Reliat SVC_E203	3	\$117,646	\$17,647	\$135,293	\$137,830	\$17,976	\$155,806	-13.17%	-24.49%
00347	Security An SVC_E204	4	\$133,572	\$20,036	\$153,608	\$138,066	\$9,717	\$147,783	3.94%	-9.62%
00358	Security Sp SVC_E205	11	\$122,640	\$18,396	\$141,036	\$151,648	\$18,829	\$170,477	-17.27%	-28.06%
00352	Security Te SVC_E206	13	\$125,374	\$18,806	\$144,180	\$131,427	\$13,143	\$144,570	-0.27%	-13.28%
69830	TOps Train SVC_E207	8	\$118,567	\$17,785	\$136,352	\$121,386	\$17,321	\$138,707	-1.70%	-14.52%
69994	Trans Cons SVC_E208	12	\$113,601	\$17,040	\$130,641	\$141,553	\$21,437	\$162,990	-19.85%	-30.30%
69840	Trans Disp. SVC_E209	18	\$125,441	\$18,816	\$144,257	\$129,310	\$18,623	\$147,933	-2.48%	-15.20%
69841	Trans Disp. SVC_E210	20	\$112,545	\$16,882	\$129,427	\$129,310	\$18,623	\$147,933	-12.51%	-23.92%
68703	Trans Proj SVC_E211	21	\$124,787	\$18,718	\$143,506	\$125,624	\$17,844	\$143,468	0.03%	-13.02%
69997	Trans Righ SVC_E212	3	\$117,380	\$17,607	\$134,987	\$133,112	\$19,966	\$153,078	-11.82%	-23.32%
00040	Engineer S SVC_E213	39	\$146,619	\$29,324	\$175,943	\$163,357	\$12,492	\$175,849	0.05%	-16.62%
43033	HR Region SVC_E214	6	\$150,157	\$30,031	\$180,188	\$143,646	\$26,962	\$170,608	5.62%	-11.99%
26260	IT Enterpris SVC_E215	3	\$152,271	\$30,454	\$182,725	\$168,706	\$11,798	\$180,504	1.23%	-15.64%
26277	Network Cc SVC_E216	6	\$151,220	\$30,244	\$181,464	\$158,817	\$13,801	\$172,618	5.12%	-12.40%
00207	Project Mgr SVC_E217	3	\$150,443	\$30,089	\$180,532	\$152,833	\$21,701	\$174,534	3.44%	-13.80%
09961	Real Time SVC_E218	5	\$133,590	\$26,718	\$160,308	\$154,221	\$30,743	\$184,964	-13.33%	-27.78%
28017	Senior Cou SVC_E219	7	\$141,066	\$28,213	\$169,280	\$124,329	\$2,408	\$126,737	33.57%	11.31%
66098	Trans Bus SVC_E220	4	\$136,390	\$27,278	\$163,668	\$152,588	\$21,737	\$174,325	-6.11%	-21.76%
69868	Trans Disp. SVC_E221	10	\$140,270	\$28,054	\$168,324	\$146,431	\$23,622	\$170,053	-1.02%	-17.51%
63060	Trans Oper SVC_E222	4	\$143,507	\$28,701	\$172,209	\$148,381	\$22,663	\$171,044	0.68%	-16.10%
68716	Trans Proj SVC_E223	5	\$139,791	\$27,958	\$167,749	\$139,321	\$23,396	\$162,717	3.09%	-14.09%
28032	Senior Cou SVC_E224	20	\$176,635	\$44,159	\$220,794	\$146,212	\$28,782	\$174,994	26.17%	0.94%
28033	Senior Cou SVC_E225	6	\$216,898	\$65,069	\$281,967	\$179,825	\$24,667	\$204,492	37.89%	6.07%
AEPSC Job Count		225				AVERAGE			-1.7%	-11.5%
AEPSC Incumbent Count		2,507								
TOTAL JOB COUNT		252								
TOTAL INCUMBENT Count		2,684								
						% of Jobs Above Market Competitive Range ⁴			6%	1%
						% of Jobs Below Market Competitive Range ⁴			6%	33%

Notes:

(1) All survey data aged to December 31, 2019 at 3% annual rate

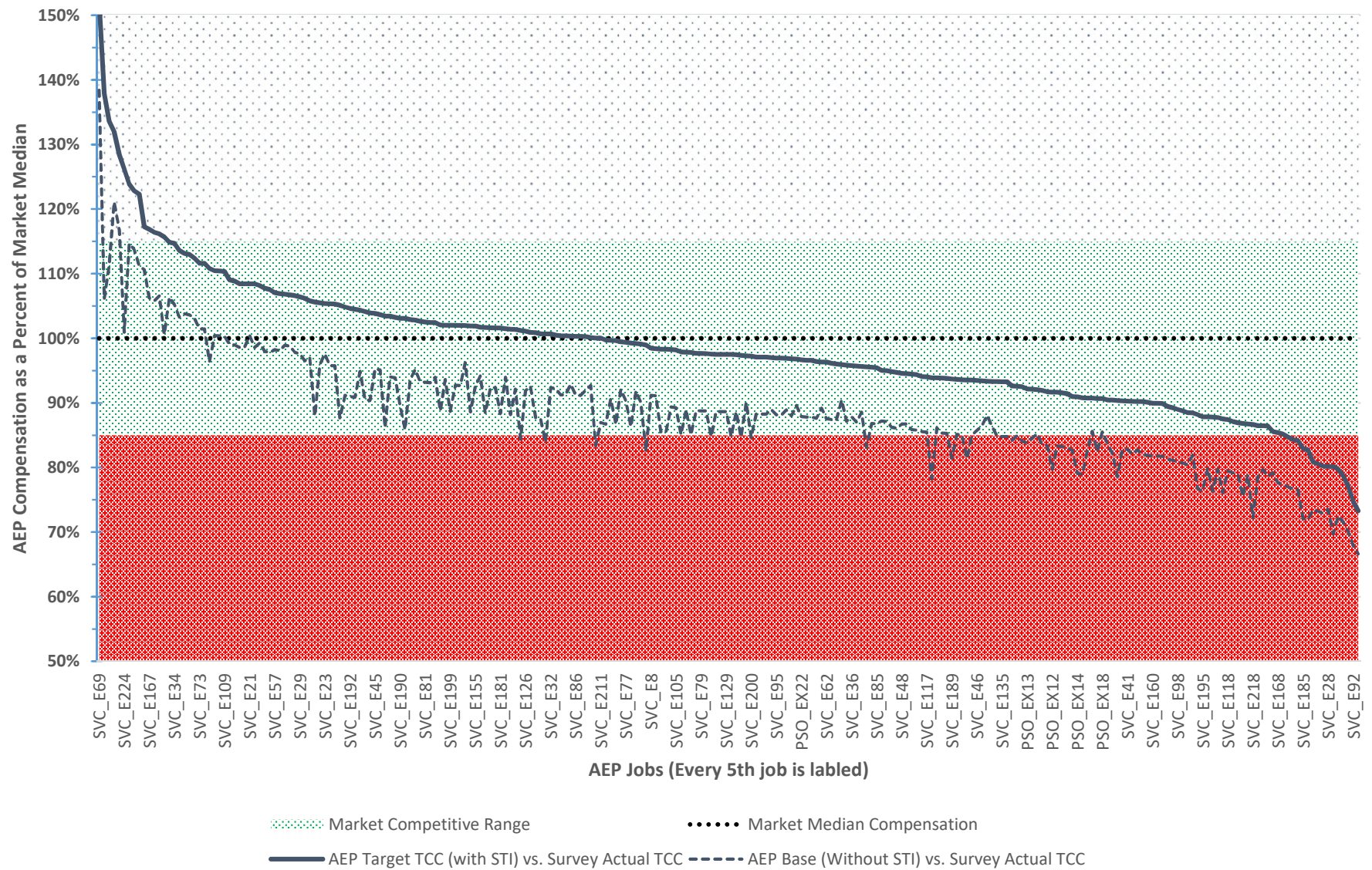
(2) Reflects annual target incentive payout for job

(3) Survey Data from April 2019 Towers Watson Energy Services Middle Management & Professional Survey and Towers Watson General Industry Middle Management & Professional Survey

(4) A market competitive range of +/- 15 percent has been used for all exempt positions

(5) Position matched to April 2019 Energy Technical Craft Clerical Survey 2019, aged to December 31, 2019 aged 2.5% annual

**PSO and AEPSC Exempt Positions
vs. Market-Competitive Compensation (High to Low)
With and Without STI**



AEP Job	AEP Target TCC (with STI) vs. Survey Actual TCC	AEP Base (Without STI) vs. Survey Actual TCC	Market Low	Market Median Compensation	Market Competitive Range	Market Max
SVC_E69	152.2%	138.4%	85.0%	100.0%	30.0%	35.0%
SVC_E225	137.9%	106.1%	85.0%	100.0%	30.0%	35.0%
SVC_E219	133.6%	111.3%	85.0%	100.0%	30.0%	35.0%
SVC_E37	132.0%	121.1%	85.0%	100.0%	30.0%	35.0%
SVC_E127	128.4%	116.7%	85.0%	100.0%	30.0%	35.0%
SVC_E224	126.2%	100.9%	85.0%	100.0%	30.0%	35.0%
SVC_E16	123.9%	114.7%	85.0%	100.0%	30.0%	35.0%
PSO_EX8	122.9%	113.8%	85.0%	100.0%	30.0%	35.0%
SVC_E100	122.3%	111.2%	85.0%	100.0%	30.0%	35.0%
SVC_E3	117.3%	110.6%	85.0%	100.0%	30.0%	35.0%
SVC_E167	116.9%	106.3%	85.0%	100.0%	30.0%	35.0%
PSO_EX17	116.4%	105.8%	85.0%	100.0%	30.0%	35.0%
SVC_E33	116.2%	106.6%	85.0%	100.0%	30.0%	35.0%
PSO_EX16	115.7%	100.6%	85.0%	100.0%	30.0%	35.0%
SVC_E9	114.9%	106.4%	85.0%	100.0%	30.0%	35.0%
SVC_E34	114.7%	105.2%	85.0%	100.0%	30.0%	35.0%
SVC_E88	113.6%	103.3%	85.0%	100.0%	30.0%	35.0%
SVC_E53	113.2%	103.8%	85.0%	100.0%	30.0%	35.0%
SVC_E50	113.0%	103.6%	85.0%	100.0%	30.0%	35.0%
SVC_E56	112.4%	103.1%	85.0%	100.0%	30.0%	35.0%
SVC_E73	111.6%	101.5%	85.0%	100.0%	30.0%	35.0%
SVC_E64	111.6%	101.5%	85.0%	100.0%	30.0%	35.0%
SVC_E197	110.8%	96.4%	85.0%	100.0%	30.0%	35.0%
SVC_E65	110.5%	100.4%	85.0%	100.0%	30.0%	35.0%
SVC_E112	110.4%	100.4%	85.0%	100.0%	30.0%	35.0%
SVC_E109	110.4%	100.3%	85.0%	100.0%	30.0%	35.0%
SVC_E67	109.0%	99.1%	85.0%	100.0%	30.0%	35.0%
SVC_E142	108.9%	99.0%	85.0%	100.0%	30.0%	35.0%
SVC_E72	108.5%	98.6%	85.0%	100.0%	30.0%	35.0%
SVC_E70	108.4%	98.6%	85.0%	100.0%	30.0%	35.0%
SVC_E21	108.4%	100.4%	85.0%	100.0%	30.0%	35.0%
SVC_E91	108.4%	98.6%	85.0%	100.0%	30.0%	35.0%
SVC_E51	108.2%	99.3%	85.0%	100.0%	30.0%	35.0%
SVC_E122	107.8%	98.0%	85.0%	100.0%	30.0%	35.0%
SVC_E99	107.6%	97.8%	85.0%	100.0%	30.0%	35.0%
SVC_E57	107.1%	98.2%	85.0%	100.0%	30.0%	35.0%
SVC_E30	106.9%	98.1%	85.0%	100.0%	30.0%	35.0%
PSO_EX21	106.8%	98.9%	85.0%	100.0%	30.0%	35.0%
SVC_E11	106.7%	98.8%	85.0%	100.0%	30.0%	35.0%
SVC_E38	106.6%	97.8%	85.0%	100.0%	30.0%	35.0%
SVC_E29	106.4%	97.6%	85.0%	100.0%	30.0%	35.0%
SVC_E84	106.2%	96.5%	85.0%	100.0%	30.0%	35.0%
SVC_E42	105.8%	97.1%	85.0%	100.0%	30.0%	35.0%
SVC_E214	105.6%	88.0%	85.0%	100.0%	30.0%	35.0%
SVC_E80	105.5%	95.9%	85.0%	100.0%	30.0%	35.0%
SVC_E23	105.4%	97.6%	85.0%	100.0%	30.0%	35.0%

SVC_E104	105.3%	95.8%	85.0%	100.0%	30.0%	35.0%
SVC_E107	105.3%	95.7%	85.0%	100.0%	30.0%	35.0%
SVC_E216	105.1%	87.6%	85.0%	100.0%	30.0%	35.0%
SVC_E186	104.9%	91.2%	85.0%	100.0%	30.0%	35.0%
SVC_E192	104.6%	91.0%	85.0%	100.0%	30.0%	35.0%
SVC_E196	104.5%	90.9%	85.0%	100.0%	30.0%	35.0%
PSO_EX24	104.4%	94.9%	85.0%	100.0%	30.0%	35.0%
PSO_EX5	104.1%	90.5%	85.0%	100.0%	30.0%	35.0%
SVC_E204	103.9%	90.4%	85.0%	100.0%	30.0%	35.0%
SVC_E45	103.9%	95.3%	85.0%	100.0%	30.0%	35.0%
SVC_E31	103.7%	95.1%	85.0%	100.0%	30.0%	35.0%
SVC_E217	103.4%	86.2%	85.0%	100.0%	30.0%	35.0%
SVC_E71	103.4%	94.0%	85.0%	100.0%	30.0%	35.0%
SVC_E121	103.3%	93.9%	85.0%	100.0%	30.0%	35.0%
SVC_E190	103.1%	89.7%	85.0%	100.0%	30.0%	35.0%
SVC_E223	103.1%	85.9%	85.0%	100.0%	30.0%	35.0%
SVC_E83	102.9%	93.6%	85.0%	100.0%	30.0%	35.0%
SVC_E24	102.8%	95.2%	85.0%	100.0%	30.0%	35.0%
SVC_E153	102.6%	93.3%	85.0%	100.0%	30.0%	35.0%
SVC_E81	102.5%	93.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX19	102.5%	93.1%	85.0%	100.0%	30.0%	35.0%
SVC_E40	102.4%	94.0%	85.0%	100.0%	30.0%	35.0%
SVC_E175	102.1%	88.8%	85.0%	100.0%	30.0%	35.0%
PSO_EX1	102.0%	93.6%	85.0%	100.0%	30.0%	35.0%
SVC_E199	102.0%	88.7%	85.0%	100.0%	30.0%	35.0%
SVC_E157	102.0%	92.7%	85.0%	100.0%	30.0%	35.0%
SVC_E101	102.0%	92.7%	85.0%	100.0%	30.0%	35.0%
SVC_E1	102.0%	96.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX27	101.9%	88.6%	85.0%	100.0%	30.0%	35.0%
SVC_E155	101.9%	92.6%	85.0%	100.0%	30.0%	35.0%
SVC_E22	101.7%	94.2%	85.0%	100.0%	30.0%	35.0%
SVC_E179	101.7%	88.4%	85.0%	100.0%	30.0%	35.0%
SVC_E174	101.7%	92.4%	85.0%	100.0%	30.0%	35.0%
SVC_E143	101.6%	92.4%	85.0%	100.0%	30.0%	35.0%
SVC_E181	101.6%	88.3%	85.0%	100.0%	30.0%	35.0%
SVC_E14	101.5%	94.0%	85.0%	100.0%	30.0%	35.0%
SVC_E182	101.4%	88.2%	85.0%	100.0%	30.0%	35.0%
SVC_E97	101.4%	92.1%	85.0%	100.0%	30.0%	35.0%
SVC_E215	101.2%	84.4%	85.0%	100.0%	30.0%	35.0%
SVC_E126	101.1%	91.9%	85.0%	100.0%	30.0%	35.0%
SVC_E54	100.9%	92.6%	85.0%	100.0%	30.0%	35.0%
SVC_E183	100.9%	87.7%	85.0%	100.0%	30.0%	35.0%
SVC_E184	100.7%	87.6%	85.0%	100.0%	30.0%	35.0%
SVC_E222	100.7%	83.9%	85.0%	100.0%	30.0%	35.0%
SVC_E32	100.7%	92.4%	85.0%	100.0%	30.0%	35.0%
PSO_EX9	100.5%	92.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX11	100.4%	91.3%	85.0%	100.0%	30.0%	35.0%
SVC_E68	100.4%	91.2%	85.0%	100.0%	30.0%	35.0%
SVC_E15	100.3%	92.9%	85.0%	100.0%	30.0%	35.0%
SVC_E86	100.3%	91.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX6	100.3%	91.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX3	100.3%	92.0%	85.0%	100.0%	30.0%	35.0%
SVC_E7	100.1%	92.7%	85.0%	100.0%	30.0%	35.0%
SVC_E213	100.1%	83.4%	85.0%	100.0%	30.0%	35.0%
SVC_E211	100.0%	87.0%	85.0%	100.0%	30.0%	35.0%
SVC_E206	99.7%	86.7%	85.0%	100.0%	30.0%	35.0%

SVC_E78	99.7%	90.6%	85.0%	100.0%	30.0%	35.0%
SVC_E198	99.7%	86.7%	85.0%	100.0%	30.0%	35.0%
SVC_E12	99.5%	92.1%	85.0%	100.0%	30.0%	35.0%
SVC_E77	99.4%	90.3%	85.0%	100.0%	30.0%	35.0%
SVC_E193	99.3%	86.3%	85.0%	100.0%	30.0%	35.0%
PSO_EX4	99.2%	91.8%	85.0%	100.0%	30.0%	35.0%
SVC_E106	99.1%	90.1%	85.0%	100.0%	30.0%	35.0%
SVC_E221	99.0%	82.5%	85.0%	100.0%	30.0%	35.0%
SVC_E8	98.5%	91.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX2	98.4%	91.1%	85.0%	100.0%	30.0%	35.0%
SVC_E187	98.3%	85.5%	85.0%	100.0%	30.0%	35.0%
SVC_E207	98.3%	85.5%	85.0%	100.0%	30.0%	35.0%
SVC_E108	98.3%	89.4%	85.0%	100.0%	30.0%	35.0%
SVC_E105	98.2%	89.3%	85.0%	100.0%	30.0%	35.0%
SVC_E177	97.9%	85.1%	85.0%	100.0%	30.0%	35.0%
PSO_EX10	97.9%	89.0%	85.0%	100.0%	30.0%	35.0%
SVC_E178	97.8%	85.1%	85.0%	100.0%	30.0%	35.0%
SVC_E96	97.7%	88.8%	85.0%	100.0%	30.0%	35.0%
SVC_E79	97.7%	88.8%	85.0%	100.0%	30.0%	35.0%
SVC_E173	97.6%	88.8%	85.0%	100.0%	30.0%	35.0%
SVC_E176	97.5%	84.8%	85.0%	100.0%	30.0%	35.0%
SVC_E119	97.5%	88.7%	85.0%	100.0%	30.0%	35.0%
SVC_E148	97.5%	88.7%	85.0%	100.0%	30.0%	35.0%
SVC_E129	97.5%	88.7%	85.0%	100.0%	30.0%	35.0%
SVC_E209	97.5%	84.8%	85.0%	100.0%	30.0%	35.0%
SVC_E132	97.5%	88.6%	85.0%	100.0%	30.0%	35.0%
SVC_E180	97.4%	84.7%	85.0%	100.0%	30.0%	35.0%
SVC_E17	97.3%	90.1%	85.0%	100.0%	30.0%	35.0%
SVC_E200	97.3%	84.6%	85.0%	100.0%	30.0%	35.0%
SVC_E139	97.1%	88.3%	85.0%	100.0%	30.0%	35.0%
SVC_E66	97.1%	88.3%	85.0%	100.0%	30.0%	35.0%
SVC_E102	97.1%	88.3%	85.0%	100.0%	30.0%	35.0%
SVC_E35	97.0%	89.0%	85.0%	100.0%	30.0%	35.0%
SVC_E95	97.0%	88.1%	85.0%	100.0%	30.0%	35.0%
SVC_E146	96.9%	88.1%	85.0%	100.0%	30.0%	35.0%
SVC_E49	96.9%	88.9%	85.0%	100.0%	30.0%	35.0%
SVC_E165	96.8%	88.0%	85.0%	100.0%	30.0%	35.0%
SVC_E18	96.8%	89.6%	85.0%	100.0%	30.0%	35.0%
PSO_EX22	96.7%	87.9%	85.0%	100.0%	30.0%	35.0%
SVC_E74	96.6%	87.8%	85.0%	100.0%	30.0%	35.0%
SVC_E130	96.6%	87.8%	85.0%	100.0%	30.0%	35.0%
PSO_EX20	96.4%	87.6%	85.0%	100.0%	30.0%	35.0%
SVC_E10	96.3%	89.2%	85.0%	100.0%	30.0%	35.0%
SVC_E62	96.3%	87.6%	85.0%	100.0%	30.0%	35.0%
SVC_E123	96.2%	87.4%	85.0%	100.0%	30.0%	35.0%
SVC_E169	96.0%	87.3%	85.0%	100.0%	30.0%	35.0%
SVC_E5	95.9%	90.5%	85.0%	100.0%	30.0%	35.0%
PSO_EX25	95.9%	87.2%	85.0%	100.0%	30.0%	35.0%
SVC_E36	95.7%	87.8%	85.0%	100.0%	30.0%	35.0%
SVC_E93	95.7%	87.0%	85.0%	100.0%	30.0%	35.0%
SVC_E19	95.7%	88.6%	85.0%	100.0%	30.0%	35.0%
SVC_E194	95.6%	83.1%	85.0%	100.0%	30.0%	35.0%
SVC_E82	95.5%	86.8%	85.0%	100.0%	30.0%	35.0%
SVC_E85	95.5%	86.8%	85.0%	100.0%	30.0%	35.0%
SVC_E39	95.0%	87.2%	85.0%	100.0%	30.0%	35.0%
SVC_E52	95.0%	87.1%	85.0%	100.0%	30.0%	35.0%

PSO_EX23	94.8%	86.2%	85.0%	100.0%	30.0%	35.0%
SVC_E152	94.7%	86.1%	85.0%	100.0%	30.0%	35.0%
SVC_E48	94.6%	86.7%	85.0%	100.0%	30.0%	35.0%
SVC_E59	94.5%	86.7%	85.0%	100.0%	30.0%	35.0%
SVC_E128	94.4%	85.9%	85.0%	100.0%	30.0%	35.0%
SVC_E115	94.4%	85.8%	85.0%	100.0%	30.0%	35.0%
SVC_E111	94.1%	85.5%	85.0%	100.0%	30.0%	35.0%
SVC_E117	94.0%	85.5%	85.0%	100.0%	30.0%	35.0%
SVC_E220	93.9%	78.2%	85.0%	100.0%	30.0%	35.0%
SVC_E44	93.9%	86.1%	85.0%	100.0%	30.0%	35.0%
SVC_E110	93.9%	85.3%	85.0%	100.0%	30.0%	35.0%
SVC_E158	93.8%	85.3%	85.0%	100.0%	30.0%	35.0%
SVC_E189	93.7%	81.5%	85.0%	100.0%	30.0%	35.0%
SVC_E63	93.7%	85.1%	85.0%	100.0%	30.0%	35.0%
SVC_E163	93.6%	85.1%	85.0%	100.0%	30.0%	35.0%
SVC_E191	93.5%	81.3%	85.0%	100.0%	30.0%	35.0%
PSO_EX26	93.5%	85.0%	85.0%	100.0%	30.0%	35.0%
SVC_E46	93.5%	85.8%	85.0%	100.0%	30.0%	35.0%
SVC_E25	93.4%	86.5%	85.0%	100.0%	30.0%	35.0%
SVC_E4	93.4%	88.1%	85.0%	100.0%	30.0%	35.0%
SVC_E26	93.3%	86.4%	85.0%	100.0%	30.0%	35.0%
SVC_E154	93.3%	84.8%	85.0%	100.0%	30.0%	35.0%
SVC_E135	93.3%	84.8%	85.0%	100.0%	30.0%	35.0%
SVC_E164	93.3%	84.8%	85.0%	100.0%	30.0%	35.0%
SVC_E116	92.6%	84.2%	85.0%	100.0%	30.0%	35.0%
SVC_E55	92.6%	84.9%	85.0%	100.0%	30.0%	35.0%
SVC_E171	92.5%	84.1%	85.0%	100.0%	30.0%	35.0%
PSO_EX13	92.2%	83.8%	85.0%	100.0%	30.0%	35.0%
SVC_E47	92.1%	84.5%	85.0%	100.0%	30.0%	35.0%
SVC_E20	92.0%	85.2%	85.0%	100.0%	30.0%	35.0%
SVC_E147	91.9%	83.6%	85.0%	100.0%	30.0%	35.0%
SVC_E144	91.7%	83.4%	85.0%	100.0%	30.0%	35.0%
PSO_EX12	91.7%	79.7%	85.0%	100.0%	30.0%	35.0%
SVC_E134	91.7%	83.3%	85.0%	100.0%	30.0%	35.0%
SVC_E76	91.6%	83.2%	85.0%	100.0%	30.0%	35.0%
SVC_E87	91.4%	83.1%	85.0%	100.0%	30.0%	35.0%
SVC_E137	91.0%	82.7%	85.0%	100.0%	30.0%	35.0%
PSO_EX14	91.0%	79.1%	85.0%	100.0%	30.0%	35.0%
SVC_E188	90.8%	78.9%	85.0%	100.0%	30.0%	35.0%
SVC_E145	90.8%	82.5%	85.0%	100.0%	30.0%	35.0%
SVC_E2	90.7%	85.6%	85.0%	100.0%	30.0%	35.0%
SVC_E172	90.7%	82.5%	85.0%	100.0%	30.0%	35.0%
PSO_EX18	90.7%	85.6%	85.0%	100.0%	30.0%	35.0%
SVC_E27	90.4%	83.7%	85.0%	100.0%	30.0%	35.0%
SVC_E113	90.4%	82.2%	85.0%	100.0%	30.0%	35.0%
SVC_E202	90.4%	78.6%	85.0%	100.0%	30.0%	35.0%
SVC_E60	90.3%	82.9%	85.0%	100.0%	30.0%	35.0%
SVC_E41	90.3%	82.8%	85.0%	100.0%	30.0%	35.0%
SVC_E149	90.3%	82.1%	85.0%	100.0%	30.0%	35.0%
SVC_E43	90.2%	82.8%	85.0%	100.0%	30.0%	35.0%
SVC_E133	90.2%	82.0%	85.0%	100.0%	30.0%	35.0%
PSO_EX15	90.1%	81.9%	85.0%	100.0%	30.0%	35.0%
SVC_E160	90.0%	81.8%	85.0%	100.0%	30.0%	35.0%
SVC_E150	89.9%	81.8%	85.0%	100.0%	30.0%	35.0%
SVC_E138	89.9%	81.7%	85.0%	100.0%	30.0%	35.0%
SVC_E90	89.5%	81.3%	85.0%	100.0%	30.0%	35.0%

SVC_E120	89.3%	81.1%	85.0%	100.0%	30.0%	35.0%
SVC_E98	89.0%	80.9%	85.0%	100.0%	30.0%	35.0%
SVC_E103	88.8%	80.7%	85.0%	100.0%	30.0%	35.0%
SVC_E141	88.5%	80.4%	85.0%	100.0%	30.0%	35.0%
SVC_E6	88.5%	81.9%	85.0%	100.0%	30.0%	35.0%
SVC_E212	88.2%	76.7%	85.0%	100.0%	30.0%	35.0%
SVC_E195	87.9%	76.4%	85.0%	100.0%	30.0%	35.0%
SVC_E170	87.9%	79.9%	85.0%	100.0%	30.0%	35.0%
SVC_E201	87.8%	76.3%	85.0%	100.0%	30.0%	35.0%
SVC_E166	87.7%	79.8%	85.0%	100.0%	30.0%	35.0%
SVC_E210	87.5%	76.1%	85.0%	100.0%	30.0%	35.0%
SVC_E118	87.4%	79.5%	85.0%	100.0%	30.0%	35.0%
SVC_E156	87.1%	79.2%	85.0%	100.0%	30.0%	35.0%
SVC_E124	86.9%	79.0%	85.0%	100.0%	30.0%	35.0%
SVC_E203	86.8%	75.5%	85.0%	100.0%	30.0%	35.0%
SVC_E89	86.8%	78.9%	85.0%	100.0%	30.0%	35.0%
SVC_E218	86.7%	72.2%	85.0%	100.0%	30.0%	35.0%
SVC_E94	86.5%	78.6%	85.0%	100.0%	30.0%	35.0%
SVC_E58	86.5%	79.7%	85.0%	100.0%	30.0%	35.0%
SVC_E114	86.4%	78.6%	85.0%	100.0%	30.0%	35.0%
SVC_E13	85.5%	79.2%	85.0%	100.0%	30.0%	35.0%
SVC_E168	85.4%	77.6%	85.0%	100.0%	30.0%	35.0%
SVC_E136	85.2%	77.4%	85.0%	100.0%	30.0%	35.0%
SVC_E125	84.7%	77.0%	85.0%	100.0%	30.0%	35.0%
SVC_E161	84.3%	76.7%	85.0%	100.0%	30.0%	35.0%
SVC_E159	84.2%	76.5%	85.0%	100.0%	30.0%	35.0%
SVC_E185	82.9%	72.1%	85.0%	100.0%	30.0%	35.0%
SVC_E205	82.7%	71.9%	85.0%	100.0%	30.0%	35.0%
SVC_E162	80.8%	73.5%	85.0%	100.0%	30.0%	35.0%
SVC_E61	80.6%	73.2%	85.0%	100.0%	30.0%	35.0%
PSO_EX7	80.2%	72.9%	85.0%	100.0%	30.0%	35.0%
SVC_E28	80.2%	73.6%	85.0%	100.0%	30.0%	35.0%
SVC_E208	80.2%	69.7%	85.0%	100.0%	30.0%	35.0%
SVC_E75	79.8%	72.5%	85.0%	100.0%	30.0%	35.0%
SVC_E140	78.8%	71.6%	85.0%	100.0%	30.0%	35.0%
SVC_E151	77.2%	70.2%	85.0%	100.0%	30.0%	35.0%
SVC_E92	74.7%	67.9%	85.0%	100.0%	30.0%	35.0%
SVC_E131	73.3%	66.6%	85.0%	100.0%	30.0%	35.0%

Job_Code	Job_title
00005	Engineering Technologist
00006	Engineering Technologist Assc
00008	Engineering Technologist Sr
00036	Engineer
00037	Engineer Assc
00038	Engineer Prin
00039	Engineer Sr
00040	Engineer Staff
00043	Environmental Engineer Prin
00044	Environmental Engineer Sr
00048	Network Consultant Assc
00049	Network Consultant Sr
00074	Exec Administrative Asst
00075	Exec Administrative Asst Sr
00105	Network Consultant
00121	IT Business Syst Anlyst Assc
00124	Technical Training Spec Sr
00126	IT Business Syst Anlyst
00127	IT Business Syst Anlyst Sr
00128	IT Business Syst Anlyst Spc
00129	IT Business Syst Anlyst Spc Sr
00153	Bus Continuity Analyst Sr
00158	IT Software Developer Spec Sr
00171	Region Gen SC Operations Supv
00196	Technical Training Spec Prin
00207	Project Mgr Staff
00222	Fuel Buyer Prin
00236	Communications Consult Prin
00237	Communications Consult Sr
00239	IT Project Mgr Assc
00283	Strategic Sourcing Anlyst
00323	ENRA NERC Spec
00324	TFS Transpt & Logistics Coord
00339	Security Project Mgr Assc
00347	Security Architect Lead
00349	Security Technical Spec
00350	Security Technical Spec Assc
00351	Security Technical Spec Sr
00352	Security Technical Spec Lead
00355	Security Spec
00356	Security Spec Sr
00357	Security Spec Prin
00358	Security Spec Lead
00359	ENRA NERC Spec Sr
00360	ENRA NERC Spec Prin
00383	AIS Analyst Prin

00444	IT Risk & Compliance Spec
00445	IT Risk & Compliance Spec Sr
00446	IT Risk & Compliance Spec Lead
00464	HR Business Partner Assoc Sr
00465	HR Business Partner
00466	HR Business Partner Sr
00476	Meter Data Analyst Sr
00620	Telecom Proj Mgr Assc
00621	Telecom Proj Mgr
00622	Telecom Proj Mgr Sr
00637	Charge Technologist Lead
00650	Agilist
00651	Agilist Sr
00652	Agilist Lead
00661	Charge Technologist
00992	Resource Planning Anlyst Staff
01132	Category Mgr
01136	SC/P/FO Sys Supp Analyst Sr
01158	Data Scientist Assc
01159	Data Scientist
01161	Data Scientist Prin
01174	Accountant Prin
01177	Accountant
01182	Accountant Sr
01210	Accounting Supv
01241	Real Estate Agent Sr
01530	Audit Project Mgr
01560	Audit Consultant
01676	Audit Consultant Sr
03408	Tax Analyst Prin
03409	Tax Analyst Sr
07052	Business Solutions Coordinator
09960	Real Time Mkt Ops Prin
09961	Real Time Mkt Ops Team Supv
09964	Real Time Mkt Ops Sr
09965	Real Time Mkt Ops
10008	Budget Analyst Prin
10147	Digital & Social Media Spec
10457	Financial Reporting Acct Sr
10463	Budget Analyst
10499	Financial Analyst Prin
10502	Financial Analyst Sr
10647	Financial Analyst Staff
10736	Claims Adjuster
10738	Claims Adjuster Sr
13300	Workplace Svcs Architect Sr
13698	Chemist

17536	Gen Project Mgr Prin
17537	Gen Project Mgr Sr
18730	Gen Construction Coord Sr
19209	Proj Environ Supp Supv
21249	Plant Environmental Coord Prin
21314	Environmental Specialist Sr
21316	Environmental Specialist Prin
22455	Claims Adjuster Prin
26093	Network Consultant Prin
26113	IT Architect Lead
26115	IT Architect Sr
26118	IT Software Developer Lead
26129	IT System Administrator Lead
26131	IT System Administrator Sr
26132	IT System Administrator
26133	IT System Administrator Assc
26207	IT Systems Analyst Spec
26209	IT Systems Analyst Sr
26210	IT Systems Analyst
26260	IT Enterprise Architect
26264	IT Database Analyst Lead
26269	IT System Admin Spec Sr
26277	Network Consultant Lead
26278	Network Analyst Assc
26279	Network Analyst
26281	Network Analyst Sr
26296	IT Training Specialist Sr
26313	IT Project Mgr Sr
26315	IT Project Mgr Prin
26330	IT Systems Analyst Assc
26332	IT Software Developer Sr
26333	IT Software Developer
26335	IT Software Developer Assc
26394	IT Qual Assurance Analyst Sr
26401	Trans Engrg Sys Architect Sr
27563	GIS Specialist Sr
27567	GIS Specialist
28017	Senior Counsel
28019	Counsel
28032	Senior Counsel
28033	Senior Counsel
29016	Paralegal Sr
30214	Customer Operations Supv
30237	Call Center System Admin Sr
30246	Customer Operations Supv
30357	Collection Support Coord Sr
30362	Cust Opers Coord Assc

30363	Cust Opers Coord
30403	Special Contract Billing Sr
30427	Econ & Busn Development Mgr
30458	National Account Executive
30460	Cust Svcs Acct Rep Prin
30469	Cust Svcs Acct Rep
30501	Customer Systems Svcs Supv
30560	Revenue Protection Coord Sr
30605	Customer Account Mgr
30606	Customer Account Mgr Sr
32216	Financial Analyst
40097	Doc Mgmt Analyst Assc
41041	Environmental Spec Consult
41234	Forecast Analyst Prin
42333	Field Procurement Spec Sr
43033	HR Region Mgr
43356	Benefits Consultant
43819	Talent Acquisition Spec
44222	Org Development Consultant Sr
44528	HRIS Consultant Sr
45016	Chemist Prin
45989	Plant System Owner Sr
45995	Energy Production Supv Sr
45997	Energy Production Supv
46227	Planner Prin
46228	Planner Sr
47371	Maintenance Supv Sr
47373	Maintenance Supv
50924	External Affairs Mgr
52021	Buyer/Analyst Sr
52025	Contract Analyst Assc
52026	Contract Analyst
52027	Contract Analyst Sr
52028	Contract Analyst Prin
52100	Buyer/Analyst
52111	Strategic Sourcing Anlyst Prin
52112	Strategic Sourcing Anlyst Sr
52123	Buyer/Analyst Assc
52415	Supply Chn Bus Analyst Sr
52456	Material Coord Assc
52524	SC Stores Supv
56014	Regulatory Consultant Sr
56037	Regulatory Consultant
56038	Regulatory Consultant Prin
56094	MRO Business Analyst Prin
56098	MRO Business Analyst
58232	Real Estate Agent

58402	Trans Right of Way Agent
58428	Trans Right of Way Agent Sr
58446	Utility Forester Sr
58447	Utility Forester
58450	Utility Forester Assc
58455	Region Forestry Supv
59104	Safety & Health Coord Sr
59107	Safety & Health Consultant
59128	Safety & Health Coordinator
60159	Region Security Coord
63060	Trans Ops Reliability Supv
63130	DMS/EMS/SCADA Analyst Prin
63134	DMS/EMS/SCADA Analyst Sr
63136	DMS/EMS/SCADA Analyst
63137	DMS/EMS/SCADA Analyst Assc
66098	Trans Bus Ops Programs Mgr
67094	Distr Dispatching Coord
67249	EE&Consumer Program Coord Sr
67261	Dist Syst Planning Supv
67343	Trans Bus Ops Supp Analyst Sr
67344	Trans Bus Ops Supp Anlyst Prin
67400	NERC Compliance Spec
67402	NERC Compliance Spec Sr
67542	Functional System Archt Prin
67544	Functional System Archt Sr
67553	Functional System Analyst Sr
67555	Functional System Analyst
67556	Functional System Analyst Assc
67808	Dist System Inspector Sr
67814	Dist Line Coord Sr
67822	Dist System Supv
68703	Trans Project Mgr Prin
68705	Trans Project Mgr Sr
68716	Trans Project Mgr Staff
68731	Trans Project Mgr
68805	Dist Project Mgr
69019	Station Supv
69830	TOps Training Spec Prin
69840	Trans Dispatch Coord/Sched
69841	Trans Dispatcher Prin
69842	Trans Dispatcher Sr
69843	Trans Dispatcher
69844	Trans Dispatcher Assc
69853	SCC Reliability Shift Lead
69855	SCC Reliability Coord Prin
69856	SCC Reliability Coord Sr
69857	SCC Reliability Coord

69868	Trans Dispatching Supv
69875	Trans Right of Way Agent Lead
69877	Trans Construction Rep Sr
69980	Trans Field Srvcs Coord
69994	Trans Construction Supt
69995	Trans Line Crew Supv
69997	Trans Right Of Way Supv

AEP Job	AEP Incumbent Data (\$000) ⁽¹⁾					
	Base Salary	Target STI %	Target STI \$	Target TCC	Target LTI	Target TC
Chairman, President & CEO	\$1,510,000	135%	\$2,038,500	\$3,548,500	\$8,900,000	\$12,448,500
EVP CFO	\$820,000	80%	\$656,000	\$1,476,000	\$2,000,000	\$3,476,000
EVP General Counsel&Secretary	\$694,000	75%	\$520,500	\$1,214,500	\$1,400,000	\$2,614,500
EVP Utilities	\$660,000	80%	\$528,000	\$1,188,000	\$1,500,000	\$2,688,000
E6	\$555,000	80%	\$444,000	\$999,000	\$1,200,000	\$2,199,000
E7	\$528,500	75%	\$396,375	\$924,875	\$832,000	\$1,756,875
E8	\$538,000	80%	\$430,400	\$968,400	\$1,200,000	\$2,168,400
E9 (4)	\$575,000	75%	\$431,250	\$1,006,250	\$900,000	\$1,906,250
E10	\$475,000	60%	\$285,000	\$760,000	\$550,000	\$1,310,000
E11 (4)	\$423,000	50%	\$211,500	\$634,500	\$344,000	\$978,500
E12	\$415,000	57.5%	\$238,625	\$653,625	\$415,000	\$1,068,625
E13	\$410,000	50%	\$205,000	\$615,000	\$344,000	\$959,000
E14	\$400,000	50%	\$200,000	\$600,000	\$344,000	\$944,000
E15	\$312,000	45%	\$140,400	\$452,400	\$300,000	\$752,400
E16	\$338,000	50%	\$169,000	\$507,000	\$285,000	\$792,000

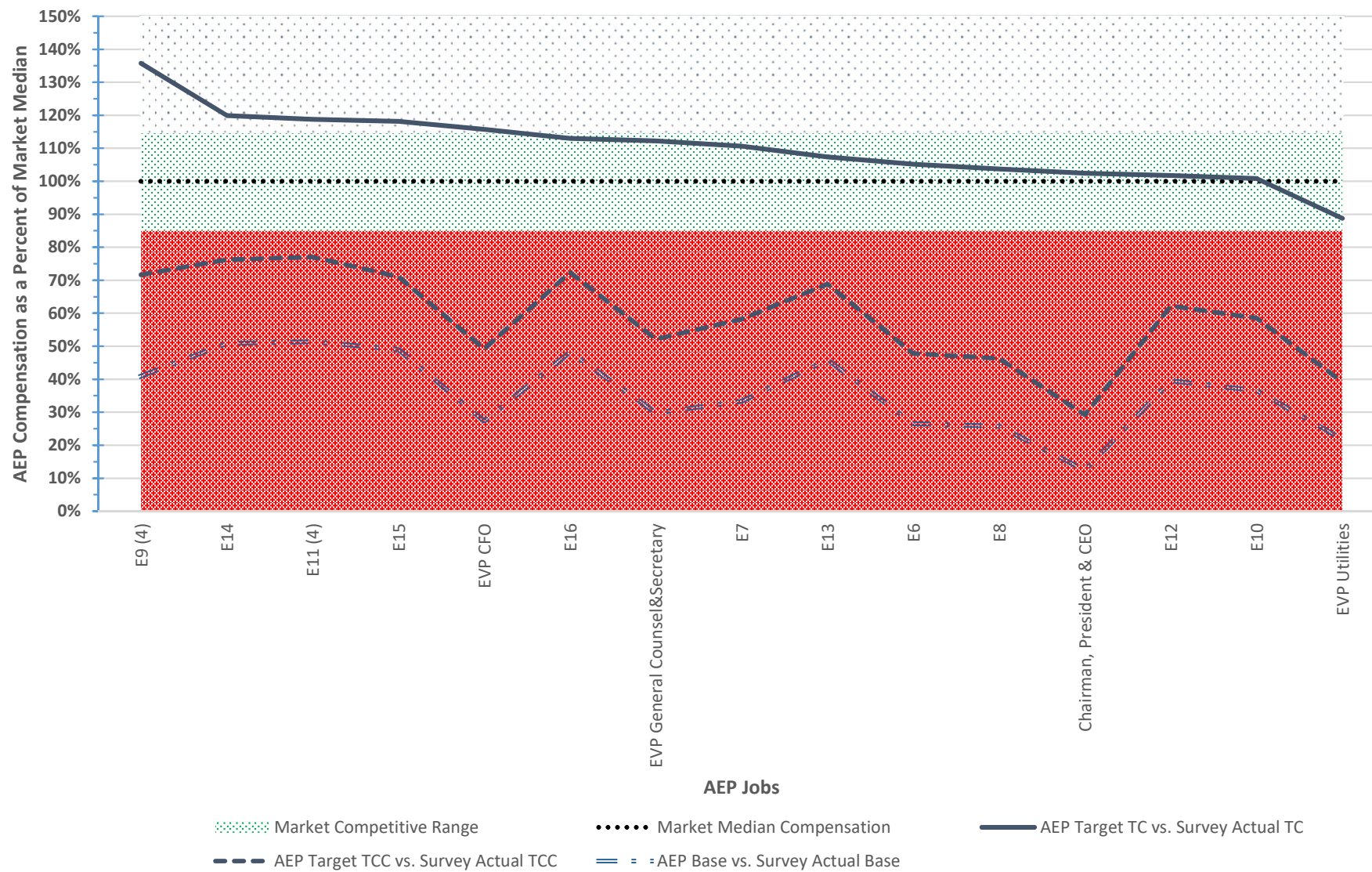
Survey Results (\$000) ⁽²⁾					
Base	Target STI %	Target STI \$	Target TCC	Target LTI	Target TC
\$1,351,051	136.0%	\$1,843,803	\$3,194,854	\$8,956,468	\$12,151,322
\$673,826	79.0%	\$531,892	\$1,205,718	\$1,798,071	\$3,003,789
\$599,800	73.0%	\$438,600	\$1,038,400	\$1,291,400	\$2,329,800
\$722,400	73.0%	\$527,352	N/A	N/A	\$3,028,800
\$545,100	75.0%	\$370,100	\$915,200	\$1,175,660	\$2,090,860
\$534,100	60.0%	\$329,000	\$863,100	\$724,800	\$1,587,900
\$545,100	75.0%	\$370,100	\$915,200	\$1,175,660	\$2,090,860
\$509,000	53.0%	\$301,900	\$810,900	\$593,400	\$1,404,300
\$452,900	60.0%	\$267,100	\$720,000	\$579,100	\$1,299,100
\$365,600	40.0%	\$146,200	\$511,800	\$311,900	\$823,700
\$422,000	50.0%	\$210,000	\$632,000	\$417,900	\$1,049,900
\$370,400	40.0%	\$194,100	\$564,500	\$328,700	\$893,200
\$371,200	40.0%	\$167,000	\$538,200	\$248,900	\$787,100
\$301,300	43.0%	\$120,500	\$421,800	\$214,900	\$636,700
\$314,200	49.0%	\$154,400	\$468,600	\$232,200	\$700,800

% Difference AEP Target TC vs Survey Target TC	% Difference AEP Target TCC vs Survey TC	% Difference AEP Base vs Survey TC
2.4%	-70.8%	-87.6%
15.7%	-50.9%	-72.7%
12.2%	-47.9%	-70.2%
-11.3%	-60.8%	-78.2%
5.2%	-52.2%	-73.5%
10.6%	-41.8%	-66.7%
3.7%	-53.7%	-74.3%
35.7%	-28.3%	-59.1%
0.8%	-41.5%	-63.4%
18.8%	-23.0%	-48.6%
1.8%	-37.7%	-60.5%
7.4%	-31.1%	-54.1%
19.9%	-23.8%	-49.2%
18.2%	-28.9%	-51.0%
13.0%	-27.7%	-51.8%
10.3%	-41.3%	-64.1%

Notes:

- (1) AEP data as of December 31, 2020
(2) Median AEP Compensation Peer Group data from April 1, 2020 Towers Watson Energy Services Executive Survey or proxy filings (unless otherwise noted), in either case aged to December 31, 2020 at 3% annual rate.
(3) Survey data not available, position not benchmarked in 2020
(4) Position benchmarked at 75th percentile
(5) A market competitive range of +/- 15 percent has been used for all executive positions.

**PSO and AEPSC Executive Positions
vs. Market-Competitive Compensation (High to Low)
With and Without STI**



AEP Job	AEP Target TC vs. Survey Actual TC	AEP Target TCC vs. Survey Actual TCC	AEP Target Base vs. Survey Actual Base	Market Low	Market Median Compensation	Market Competitive Range	Market Max
E9 (4)	135.7%	71.7%	40.9%	85.0%	100.0%	30.0%	35.0%
E14	119.9%	76.2%	50.8%	85.0%	100.0%	30.0%	35.0%
E11 (4)	118.8%	77.0%	51.4%	85.0%	100.0%	30.0%	35.0%
E15	118.2%	71.1%	49.0%	85.0%	100.0%	30.0%	35.0%
EVP CFO	115.7%	49.1%	27.3%	85.0%	100.0%	30.0%	35.0%
E16	113.0%	72.3%	48.2%	85.0%	100.0%	30.0%	35.0%
EVP General	112.2%	52.1%	29.8%	85.0%	100.0%	30.0%	35.0%
E7	110.6%	58.2%	33.3%	85.0%	100.0%	30.0%	35.0%
E13	107.4%	68.9%	45.9%	85.0%	100.0%	30.0%	35.0%
E6	105.2%	47.8%	26.5%	85.0%	100.0%	30.0%	35.0%
E8	103.7%	46.3%	25.7%	85.0%	100.0%	30.0%	35.0%
Chairman, P	102.4%	29.2%	12.4%	85.0%	100.0%	30.0%	35.0%
E12	101.8%	62.3%	39.5%	85.0%	100.0%	30.0%	35.0%
E10	100.8%	58.5%	36.6%	85.0%	100.0%	30.0%	35.0%
EVP Utilities	88.7%	39.2%	21.8%	85.0%	100.0%	30.0%	35.0%

*****AEP Utilities 2020 ICP Plan *****				
	Metric Name	Brief Description	Measures and Targets	Metric Weighting (%)
Workforce Development 35%	DART Rate - Employee & Contractor	DART (Days away, restricted or transferred) safety metric for both AEP employees and contractors	TBD - From Corporate Safety	5.0%
	Proactive Safety Performance	Collaborating with Safety Facilities/Site Inspection, Event Review Sharing, Contractor Safety Management, CORE Visit & Assessment Process, and Good Catch Quality Measure	TBD - From Corporate Safety	20.0%
	Diversity Goal	A stretch business unit Diversity goal based on "raw" female and minority representation rate data.	☐ 0.0 = 0% improvement in business unit or operating company's female and minority representation (equally weighted) ☐ 1.0= 0.5% improvement in business unit or operating company's female and minority representation (equally weighted) ☐ 2.0 = 1% improvement in business unit or operating company's female and minority representation (equally weighted)	2.5%
	Accountability Index	The accountability index measures the response to 3 survey questions ☐ Whether culture survey results were reviewed ☐ Whether action plans were created with team members ☐ Whether progress was discussed/tracked throughout the year	0.0 = 50% or less of business unit teams experience a year-on-year improvement 1.0 = 75% of business unit teams experience a year-on-year improvement 2.0 = 90% or more of business unit teams experience a year-on-year improvement	2.5%
	C100 Line Mechanic Recruitment Model	Develop recruitment and training plan to leverage various line mechanic colleges as a pipeline for C100 certified employees	TBD - Combination of Project Milestones and number of C100 Employees hired	5.0%
Customer 17.5%	JD Power Quality & Reliability (PQR) Index Factor	Power Quality & Reliability (PQR) Index Factor Score and related attribute questions align with the Customer Satisfaction breakthrough objective	0.0 – Maintain or decreased score regardless of peer movement 0.5 – Score increases less than peer average 1.0 – Increase equal to or greater than peer average 1.5 – Increase at least one and a half times the peer average 2.0 – Increase at least two times peer average 1.0 Adder = Score above peer average	7.5%
	JD Power Quality - Power Communications Index	Communications Index Factors Score and related attribute questions align with the Ease of Doing Business breakthrough objective	0.0 – Maintain or decreased score regardless of peer movement 0.5 – Score increases less than peer average 1.0 – Increase equal to or greater than peer average 1.5 – Increase at least one and a half times the peer average 2.0 – Increase at least two times peer average 1.0 Adder = Score above peer average	7.5%
	CMI Improvement	Improve two (2) components of the utility group's outage restoration process by [x %] over target (note: utility target or OPCo-specific target related to outage restoration will be derived in collaboration with the OPCos by 3/31/2020.	TBD	2.5%
Operational Excellence 27.5%	SAIDI Actual	SAIDI performance (shared goal with Transmission)	TBD w/ Transmission Input after End of Year SAIDI performance is calculated	5.0%
	Reliability Work Plans	Develop and execute reliability enhancement initiatives that improve system reliability. OPCo specific plans, as well as Distribution Services / Transmission joint plan	Measure: Develop company specific work plans to improve system reliability Target: End of Q1 finalize work plan for EVP approval. Complete all tasks in work plans by end of year (2.0); complete half (1.0)	10.0%
	Strategic Operational Excellence Work plan	Basket of strategic initiatives related to growing the competitive business, advancing technology solutions and advocating for improved Regulatory treatment. Bundle of four (4) strategic goals that will be selected by individual Operating Companies / Distribution Services and implemented per individual project plans.	Measure: See Note 1 Below Target: 0.0 = No Initiatives successfully completed 1.0 = 2 Initiative successfully completed 2.0 = 4 or more initiatives successfully completed*	12.5%
Financial 20%	Net Income	Meet or beat annual Earnings targets for Operating Companies in line with corporate expectations	TBD after YE results are known	20.0%

AFFIDAVIT OF ANDREW R. CARLIN

STATE OF OHIO)

COUNTY OF FRANKLIN)

On the 22nd day of April 2021, before me appeared Andrew R. Carlin, to me personally known, who, being by me first duly sworn, states that he is Director Compensation & Executive Benefits for American Electric Power Service Corporation and acknowledges that he has read the above and foregoing document and believes that the statements therein are true and correct to the best of his information, knowledge and belief.

Andrew R. carlin

Signed on 2021/04/22 12:28:21 -8:00

Andrew R. Carlin

Subscribed and sworn to before me this 22nd day of April, 2021.



S. Smithhisler

Signed on 2021/04/22 12:28:21 -8:00

Notary Public

My commission expires: April 29, 2024



Carlin Affidavit.doc

DocVerify ID: CBF1388B-D361-4E1A-B515-D60C5BBFD75F
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E-Signature Summary

E-Signature 1: Andrew R. carlin (ARC)

April 22, 2021 12:28:21 -8:00 [84ED01C60F0C] [167.239.221.84]
arcarlin@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smithhisler (SRS)

April 22, 2021 12:28:21 -8:00 [6D9E41151231] [161.235.221.83]
srsmithhisler@aep.com
I, S. Smithhisler, did witness the participants named above electronically sign this document.

