

Cover Sheet

Organization: Regulated Fuel Procurement

Title: Regulated Fuel Procurement Policy and Procedures

Revision: August 2015

Approved By:	Date	Signature
Marguerite C. Mills	8/31/15	<i>Marguerite C. Mills</i>

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AMERICAN ELECTRIC POWER

REGULATED FUEL PROCUREMENT

POLICY AND PROCEDURES

2015

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INTRODUCTION

The purpose of this document is to describe the procurement policy and procedures (P&Ps) utilized by the regulated Fuel Procurement (FP) organization within the Commercial Operations organization of American Electric Power Service Corporation (AEPSC). The regulated FP organization is responsible for the procurement of fuel, reagents, and transportation services. The P&Ps were developed to help ensure that appropriate procurement methods are documented and followed.

This document summarizes the roles and responsibilities of the various groups within the regulated Fuel Procurement organization as they pertain to the procurement of fuel, reagents, and transportation. This document also contains a general discussion of policies to be followed when participating in hedging activities.

This document replaces the FEL Fuel Procurement Policy from 2012, which was the most recent approved version. This document is intended to be updated on an as-needed basis, to ensure consistency with current organizational structure and any relevant changes to company or regulatory policy.

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1.0 Regulated Fuel Procurement (FP) Organization

1.1 Roles and Responsibilities of the Regulated FP Organization

The regulated FP organization operates within the Commercial Operations organization of AEPSC, and provides procurement and transportation services for the fleet of power plants owned and operated by American Electric Power (AEP) and its regulated operating companies, as well as the Ohio Valley Electric Corporation (OVEC) and the Indiana Kentucky Electric Corporation (IKEC). The Vice President (VP) of regulated FP reports to the Senior Vice President (SVP) of the Commercial Operations organization of AEPSC. The regulated FP organization is responsible for procuring all the fuel (coal, natural gas, fuel oil, and biofuels), reagents (trona, urea, lime, limestone, activated carbon, sodium bicarbonate, anhydrous ammonia, etc.) and associated transportation services required by the applicable power plants.

Regulated FP also provides current market-based pricing information to AEP's Commercial Operations organization. This information is used for generation-related functions on behalf of the regulated operating companies, OVEC and IKEC.

The regulated FP organization communicates with the Production Optimization and the Bid, Offer & Cost Development groups daily and monthly so that load forecasts and fuel purchasing are effectively coordinated to ensure that plants receive adequate supplies of fuel to meet the planned dispatch for generating units over the short-term. For long-term procurement planning, regulated FP communicates with the groups that are responsible for developing the Integrated Resource Plan, which include, but is not limited to, the Corporate Planning & Budgeting organization.

The regulated FP organization supports, as necessary, fuel-related regulatory activities in response to state and federal agency requirements, including preparation of reports, testimony, schedules, and interrogatory responses.

1.2 Organizational Structure of Regulated FP

The VP of regulated FP has the ultimate responsibility to ensure that AEP's, OVEC's and IKEC's generating stations maintain appropriate and reliable supplies of fuel and reagents consistent with generating unit requirements and environmental regulations, as well as the means to transport those commodities to the plants.

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The following functions report to the VP of regulated FP:

▪ **Fuel Procurement – Coal**

Responsible for the procurement of coal and the management of coal inventories for the regulated AEP operating companies', OVEC's and IKEC's power plants.

▪ **Fuel Procurement – Natural Gas and Fuel Oil**

Responsible for the procurement of natural gas supply and transportation services and fuel oil for the regulated AEP operating companies' power plants.

▪ **Transportation**

Responsible for the transportation of coal and other bulk commodities, logistics, and railcar leasing for the regulated AEP operating companies', OVEC's and IKEC's power plants. Marketing activities of available capacity at Cook Coal Terminal are also managed.

▪ **Reagent & Combustion Products Procurement**

Responsible for the procurement of products used to mitigate emissions from the regulated AEP operating companies', OVEC's and IKEC's power plants. Marketing activities associated with post combustion products are also managed.

A current organizational chart for regulated FP is included as Appendix A of this policy.

1.3 Regulated FP Responsibilities

The responsibility for overall procurement and associated activities is that of the VP of regulated FP. As shown in the Organizational Chart in Appendix A, the Managers performing the regulated fuel procurement organization's functions shall report to the VP of regulated FP. Personnel from other AEPSC departments shall participate in these activities when it is deemed beneficial to the goals and objectives for AEP as a whole.

The Managers of regulated FP shall, in conjunction with others, oversee the development, negotiation, execution, and administration of supply and transportation agreements. The Managers shall exercise the prudent judgment, practical experience, organizational ability, and supervisory capacity necessary to administer the group's operations consistent with this Policy.

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Each Manager is responsible for directing and/or performing the planning and execution of fuel, transportation, and reagent purchases for AEP's regulated operating companies', OVEC's and IKEC's generating stations, as well as supervision of the Fuel Buyers and Fuel Coordinators. The Manager obtains specifications, availability, prices, and agreement conditions for fuel, transportation, and reagents. The Manager also participates in agreement negotiations as requested and ensures that all pertinent agreements are properly coordinated, monitored, and executed.

Managers, along with the Fuel Buyers and Fuel Coordinators, are also responsible for maintaining regular communications with plant employees, fuel suppliers, and transporters to ensure that the terms of executed agreements are being consistently performed.

1.4 General Administrative Duties

The regulated FP organization shall subscribe to or obtain access to a representative number of trade and industry publications and reports by governmental agencies concerning prices for relevant materials and services. Regulated FP shall be knowledgeable of market conditions related to fuel, reagent, and transportation prices and availability. Regulated FP shall maintain appropriate contact with current and potential suppliers, and use other reliable sources of information to maintain a working knowledge of current issues affecting pertinent material or service providers.

The employees of the regulated FP organization, as directed by management, will attend meetings and conferences related to fuel, reagents, and transportation. Regulated FP employees may also be required to participate in regulatory proceedings. These activities are necessary for the effective execution of this procurement policy.

To help assure that current and anticipated requirements for fuel and reagents are met, regulated FP personnel and management shall maintain adequate communications within the regulated FP organization, AEPSC, and its regulated operating companies, as well as OVEC and IKEC.

Regulated FP shall periodically review and consider changes, as necessary, to this Policy.

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2.0 Regulated FP Policy and Procedures and Implementation

2.1 Business Ethics and Corporate Compliance

Regulated FP employees shall be committed to high standards of business ethics and shall adhere to any and all applicable guidelines provided through *AEP's Principles of Business Conduct*. A copy of this document is provided as Appendix B to this document.

2.2 Regulated FP Considerations

AEP's overall Fuel Procurement Policy shall be used to secure adequate supplies of competitively-priced coal, natural gas, reagents, fuel oil, biofuels, and transportation services to meet generation, environmental, and operational requirements, while recognizing the dynamic nature of the various associated markets, environmental standards, and regulatory requirements. To accomplish these objectives the Company maintains, as appropriate, a mix of physical inventories and a portfolio of long-term and short-term agreements for firm and discretionary supplies of fuels, reagents, and transportation suitable for its generating units. AEP's procurement strategy is to provide an appropriate amount of fuel, reagents, and transportation with optimal supply flexibility, considering the Company's long-term agreements and market conditions. It is also the policy of regulated FP to meet these materials and service requirements at the lowest reasonable delivered cost over time, consistent with satisfying the above-stated objectives.

Those responsible for the procurement of commodities and services shall be organized and staffed to carry out the procurement of coal, natural gas, reagents, fuel oil, biofuels, and transportation in an efficient and practical manner. All commodities and services shall be purchased with due consideration of all relevant factors, including but not limited to: competitive pricing, the quantity needed to maintain an appropriate supply, the quality required to optimize the operating characteristics of the generating stations, the need to meet any applicable environmental standards, the production capability as well as the financial reliability of the supplier, existing contractual obligations, and the ability to address emergencies or other unusual circumstances.

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2.3 Proper Inventory Levels

The primary objective of the regulated FP organization shall be to ensure the availability of an adequate, reliable supply of fuel and reagents for the generation of electricity. Consequently, decisions affecting solid fuel, fuel oil and reagent¹ inventories shall be made in consideration of this primary objective. This Policy shall allow for flexibility, permitting physical inventory levels of solid fuel, fuel oil, and reagents to be responsive to known and anticipated changes in conditions. Solid fuel inventory target levels shall be recommended by Generation's cross-functional Fuel Supply Task Group and subject to the approval of senior management, while reagent and fuel oil target inventories are determined by the applicable regulated FP group in coordination with the applicable power plant management. This inventory target determination process helps ensure that each plant's needs are given due consideration and promotes efficiency of operation.

Should the inventory of any one generating station vary significantly from the inventory level deemed appropriate, or should other variables (such as pending transportation problems, labor disruptions, contract disputes, weather, maintenance, etc.) present difficulties, then an appropriate course of action shall be implemented.

Other organizations within AEP responsible for developing financial and generation forecasts and the regulated FP organization, as applicable, shall participate in the preparation of the short-term, annual, and/or long-range projections for plant fuel, transportation, and reagent requirements. These projected requirements shall consider varying operational and environmental requirements.

Regulated FP considers the overall economic and reliable supply balance between long-term, short-term, and spot agreements for fuel and reagents when making purchases. Additionally, regulated FP considers current and projected system requirements, current and reasonably foreseeable market conditions, weather and seasonal conditions affecting production, consumption, transportation, any anticipated shortfall of existing supply agreement shipments, and anticipated changes in spot market prices. Given existing contractual arrangements, contract expiration dates, existing and anticipated demand for electrical energy, status of inventory levels, changes to existing federal and/or state environmental standards or other laws, overall market conditions and other temporary or long-term factors affecting

¹ None of the natural-gas fired generating facilities owned by AEP currently have the ability to maintain natural gas inventories. These plants maintain a proper supply of fuel through a portfolio of firm and interruptible gas supply and delivery contracts.

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procurement and transportation decisions, the mix of long-term and spot agreement purchases may be reasonably expected to vary given the particular circumstances of each generating plant.

3.0 Regulated Fuel Procurement Methods and Documentation

The use of the P&Ps may be reflected in one or more of the following:

3.1 Requests for Proposal (RFP)

When appropriate, and under the direction of the VP of regulated FP, RFPs should be issued to seek as many competitive offers as possible to obtain the lowest reasonable delivered cost, over time, for a service or material². RFPs can be sought for long-term contracts or spot orders, and should be used whenever it is practical to do so. The RFP is sent to any number of qualified suppliers to competitively procure the material or service needed.

Any purchase decision resulting from responses to an RFP is documented in a manner to demonstrate that the Company acted prudently in procuring the commodity or service. This documentation includes an analysis of the offers received, and an explanation of the rationale used in awarding a contract.

3.2 Other Non-Solicited Offer Evaluation

At times, the regulated FP organization may be approached with unsolicited offers for commodities or services that warrant consideration, whether they are for short or long-term agreements. When considering these types of offers, regulated FP may use market-based indices, other contract prices, or other reasonable methods of comparison to determine whether or not it would be prudent to accept such an offer.

In the case that one of these types of offers is accepted, documentation is prepared describing the manner in which the offer was received, and also the rationale used to determine that the offer was reasonable. This documentation provides evidence that the action taken on behalf of the Company was prudent.

² It should be noted that state regulatory commissions may have their own rules regarding the competitive procurement of fuels for power plants under its jurisdiction. This policy is not meant to supplant those state-specific requirements.

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3.3 Emergency Procurement

Any one or more of the approaches described in this Policy may be waived whenever it is determined that fuel or reagents must be purchased, or transportation services acquired, due to immediate and unavoidable circumstances that are not conducive to normal procurement practices. This determination shall be made by the VP in regulated FP, with the concurrence of the SVP of Commercial Operations and other senior management as needed. Situations that could potentially lead to emergency actions may include, but are not limited to:

- Emergency or other extraordinary conditions or circumstances that make it reasonably certain that an adequate supply of acceptable fuel or reagents cannot be obtained from existing agreements and/or spot purchase suppliers.
- Inability to obtain appropriate quantities to cover unanticipated shortages of fuel or reagents that meet minimum quality requirements in a timely fashion using typical procurement practices.
- Lengthy transportation related delays or suspensions.

3.4 Coal and Reagent Quality Specifications and Compliance

Permissible coal specifications and sources for AEP's regulated operating companies' plants, as well as OVEC's and IKEC's plants, have been defined by Steam Generation Equipment Engineering (SGEE). The regulated FP organization utilizes these specifications and sources when soliciting coal offers from suppliers. When coal offers are being evaluated within the quality specification band, coal quality specifications are considered and financial adjustments made to provide a comparison on a like basis, which results in an "as delivered" cents per MMBTu cost. Acceptable mines are included in coal supply contracts. New sources are periodically considered through test burns to expand the choice of coal for each unit, which may produce more favorable financial results. Such sources must be approved by SGEE prior to continued use beyond the test burns.

Permissible reagent specifications and sources for AEP's regulated operating companies' plants, as well as OVEC's and IKEC's plants, are defined by GET Engineering FGD Systems & Chemical Engineering. Reagent proposals consider a number of parameters which may include, among other things, performance guarantees, profitability, quality of service, past experience, financial qualifications and other factors deemed appropriate.

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3.5 Negotiating Responsibility

The responsibility for negotiating final terms and provisions of fuel, reagent, and transportation agreements shall be a team effort under the overall guidance of the VP of regulated FP. A negotiating team could be comprised of any or all of the following individuals, depending on the type of agreement to be negotiated:

- VP Fuel Procurement (regulated)
- Senior Manager - Fuel (coal)
- Manager - Natural Gas
- Senior Manager - Fuel Transportation & Logistics
- Manager - Reagents & Coal Combustion Products

While all contractual documents are reviewed by AEP's Legal Department, a negotiating team may call upon other departments (e.g. Credit, Strategic Initiatives, Fundamentals, Regulatory, etc.) as needed to participate in or offer their expertise as to certain segments of the negotiations that relate to their particular area of expertise. This flexible approach gives each negotiating team a distinct advantage of providing specialists to the agreement development process who are most proficient in developing, recommending, and negotiating terms that are beneficial to the AEP regulated operating companies and ratepayers, OVEC and IKEC.

3.6 Enforcement of Agreements

Supplier obligations under fuel, reagent, and transportation supply agreements shall be administered to ensure compliance by the suppliers and transporters consistent with AEP's regulated Fuel Procurement Policy and Procedures. The regulated FP organization shall act judiciously, with due consideration of the desire to achieve compliance by the supplier as well as the need to maintain adequate supplies of fuel and reagents to meet plant and system requirements. Such compliance includes coal quality specification adherence as discussed in section 3.4.

If it is determined that a dispute related to a supplier's or transporter's non-performance is unlikely to result in an amicable resolution, the matter shall be referred to the VP of regulated FP. The VP shall undertake the appropriate action, including further negotiation or arbitration, if provided for by the agreement.

If the VP of regulated FP finds that an amicable resolution to a supplier's or transporter's non-performance cannot be achieved, litigation may be pursued

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with the involvement of AEP's Legal department and under the guidance of other appropriate senior management.

4.0 Hedging Policy

4.1 Hedging Definition

A fuel hedge, as defined by AEP, is a forward contract that either serves to lock in the price of fuel for a specific volume and quality, or provides the ability to do the same by the use of put and call options³. Such transactions may be settled either financially or physically. A financially settled transaction results in a net gain or loss, while physically settled contracts result in actual fuel deliveries at the agreed upon price terms. Fuel hedges are to be used as tools to mitigate volatility in fuel purchase costs relative to market volatility.

4.2 Hedging Strategy

To support AEP's key business objectives, the regulated FP organization may enter into fuel hedges, when appropriate, with the purpose of reducing fuel price volatility. Regulated FP's primary means of hedging to reduce fuel price volatility is through a portfolio of physical supply agreements of various durations. Maintenance of such a portfolio ensures less volatile fuel prices than a market may bear, while allowing some flexibility in taking advantage of shorter-term pricing options as they become available.

Regulated FP is not currently active in entering into financial fuel hedge transactions because these transactions, while they may decrease fuel price volatility, also have gains, losses, and associated costs. However, regulated FP has and will continue to evaluate hedging opportunities that would be settled financially. Implementation of specific operating company hedging programs would be subject to the appropriate regulatory approvals and cost recovery mechanisms.

5.0 Contract Administration

5.1 Overview and Responsibilities

Contract administration is performed by two groups within AEP. Contract administration for coal, transportation, reagents, fuel oil, and biofuels is performed by the Fuel Commercial Administration group within Commercial &

³ There is special accounting criteria for hedging with options, for example written options rarely qualify for hedge accounting. Incorporating options in an accounting hedge strategy are fully discussed with Financial Policy and Transaction Analysis prior to execution.

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Financial Analysis. Contract administration for natural gas is performed by the Energy Contracts & Confirmations group within Enterprise & Credit Risk Management. These two groups are responsible for the administration of existing and proposed contractual agreements for the purchase and sale of coal, fuel oil, natural gas, reagents, biofuels, and related transportation agreements made by regulated FP on behalf of AEP's regulated operating companies, OVEC and IKEC.

These contract administration groups closely interact with regulated FP Managers, Legal, Credit, Fuel Accounting, Audits, Regulatory Services, and power plant personnel to ensure that contractual agreements represent the intended business relationship between the parties, and to monitor the regulated Operating Companies' rights and obligations under existing agreements. Contract administration support services include, but are not limited to:

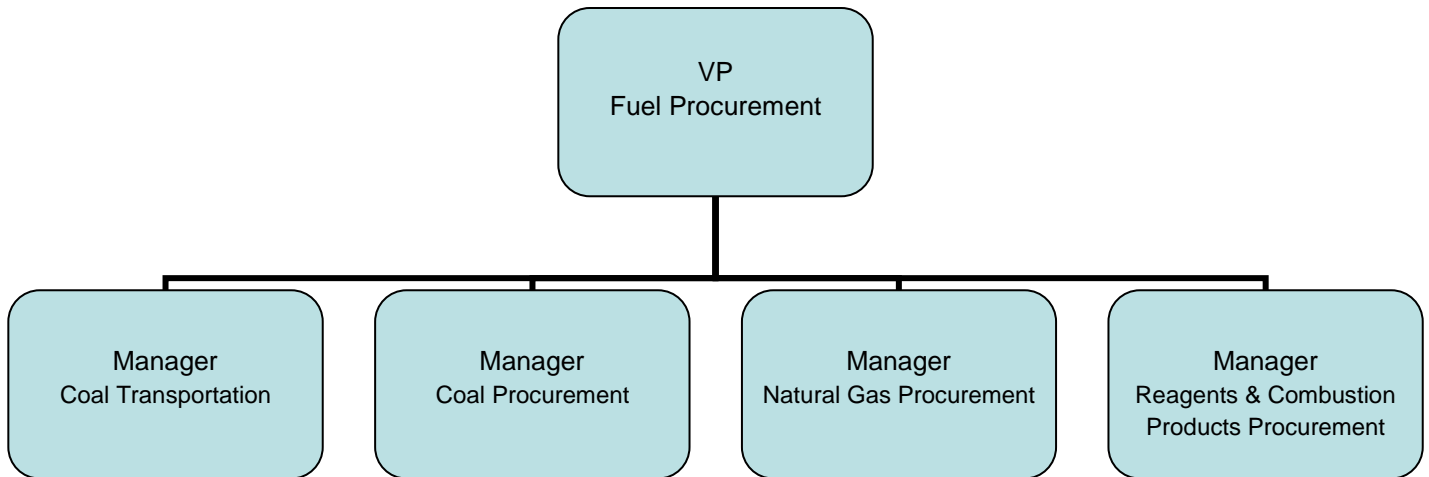
- Developing and/or reviewing contractual documents under existing and proposed agreements;
- Document tracking, distribution and retention;
- Monitoring contractual deadlines regarding volume elections, price reopeners, and term extension elections; issuing written notices to counterparties reflecting regulated FP option decisions;
- Determining contract value through pricing and rate development;
- Providing contractual review, including analysis of proposed settlements, changes in law, governmental impositions, and other pricing claims;
- Administering data requirements for internal fuel management systems which provide database of historical costs and volumes for invoice support and reporting requirements;
- Monitoring and reporting volume commitment status and tiered pricing under transportation agreements;
- Administering coal scale calibration adjustments including determination of any pricing adjustments that may be applicable;
- Providing coal, reagent, fuel oil, natural gas, and transportation contract data for state and federal regulatory filings as needed;
- Administering Force Majeure claims initiated by regulated FP or counter parties;
- Providing accrual recommendations to the group responsible for fuel accounting.

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Appendix A:
American Electric Power
Regulated Fuel Procurement Organizational Chart

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American Electric Power Organizational Chart - Regulated Fuel Procurement



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Appendix B:

AEP's Principles of Business Conduct

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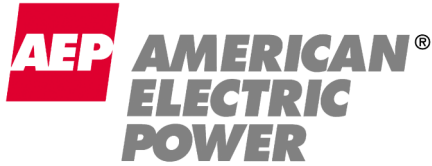
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January 2014

Dear Fellow Employees:

I began my career with this company and now have the honor of serving as its leader. One thing that has always been a point of pride for me is that AEP is built on a solid foundation of doing the right thing. Whether it's in our dealings with our customers, our stakeholders, or each other as employees, our culture supports – and demands – that we do the right thing every time.

AEP's Principles of Business Conduct is the embodiment of that simple, but critical philosophy. The *Principles* define both the ethical and legal standards by which we are expected to operate every day. We all share responsibility for protecting our Company and its reputation and the *Principles* guide us in carrying out that responsibility. Regardless of our positions or duties, we are each expected to act in accordance with only the highest standards of business ethics and none of us should accept anything less.

Each of our corporate values – Zero Harm, Integrity & Stewardship, Adapt & Achieve, and Customer Focus – has its roots in the notion of doing the right thing. The principles contained in this book will help you understand AEP's policies, standards and expectations. I urge you to make the concepts described in this book a regular point of reference for the manner in which you carry out your work and the treatment of others. Together we will continue AEP's proud tradition of carrying out our business employing only the highest ethical standards and, as always, doing the right thing.

A handwritten signature in black ink that reads "Nick".

Nick Akins
Chairman, President, and Chief Executive Officer

PRINCIPLES OF BUSINESS CONDUCT OVERVIEW

- 1.1 Our Purpose
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- 1.7 Expectations of All Leaders
- 1.8 Office of Ethics &
Compliance

1.1 Our Purpose

We power life's possibilitiesSM

1.2 Our Mission

Our mission, simply stated, is bringing comfort to our customers, supporting business and commerce, and building strong communities.

1.3 Our Values

✓ **Zero Harm**

- Demonstrating a commitment to safety by looking out for each other.
- Showing mutual care for the health and well-being of others.

✓ **Integrity & Stewardship**

- Doing the right thing, every time.
- Valuing the diversity of people, their ideas and contributions.
- Treating people with respect.
- Being a good corporate citizen and environmental steward.

✓ **Adapt & Achieve**

- Being agile and proactive to adapt and be ahead of change.
- Being innovative and resilient as we embrace new ideas and opportunities.
- Collaborating across boundaries.
- Engaging in improving our business.
- Taking accountability for decisions and actions.

Do the Right Thing

✓ **Customer Focus**

- Listening to customers.
- Considering the customer impact of our decisions.
- Delivering value to our customers.

1.4 Our Culture

- ✓ **Strategic Alignment** – AEP's goal is for everyone to take personal ownership and understand how their daily work activities relate to the company's goals.
- ✓ **Leadership** – A more collaborative, challenging and supporting leadership style will motivate the AEP team to new levels of achievement.
- ✓ **Performance Recognition and Accountability** – AEP needs better systems for recognizing and rewarding top performers and for helping underperformers improve.
- ✓ **Engagement** – AEP values employees' ideas and innovations. It seeks employees' input with the aim of empowering the work force. AEP will focus on opportunities for employees to contribute and participate.

1.5 What You Should Expect

As an AEP employee, you have every right to demand that the company and your co-workers uphold the highest of ethical standards. Because the tone of any organization is set at the top, you should be encouraged that AEP's management tone is one of uncompromising integrity and high ethical standards.

AEP regards a violation of the *Principles of Business Conduct* policies as a serious matter. A breach can put AEP, its employees, and its products or services at substantial risk. Anyone who violates the policies described in the *Principles of Business Conduct* will be subject to disciplinary action up to and including termination.

1.6 What Is Expected Of You

AEP expects all employees, at all levels and at all times, to comply with their legal and ethical obligations and with the *Principles of Business Conduct*. Because we hold each other responsible for our actions, it is your responsibility to ask questions, raise concerns, or report potential violations. You are also expected to fully cooperate with internal investigations into potential violations or wrongdoing as well as any investigation conducted by a third-party on behalf of AEP.

1.7 Expectations Of All Leaders

Leaders at AEP are expected to create an atmosphere where employees feel valued, safe and respected. As a leader, you are also expected to support a culture of compliance where employees can report concerns and potential violations without fear of retaliation. AEP's leaders manage by motivation, not intimidation, and must clearly demonstrate AEP's commitment to compliance with the *Principles of Business Conduct* through actions and behaviors.

1.8 Office of Ethics & Compliance

In addition to monitoring and enforcing employees' legal and ethical compliance, AEP's Office of Ethics & Compliance is committed to raising the level of awareness of all AEP employees about the importance of ethics and compliance in the workplace. AEP's Ethics & Compliance group administers AEP's ethics and compliance program. The Chief Compliance Officer meets regularly with AEP's Chief Executive Officer and Board of Directors.

An effective ethics and compliance program promotes an organizational culture that encourages the highest ethical standards of business conduct and a commitment to compliance with the law.

BUILDING THE RIGHT WORK CULTURE

2.1 Workplace Conduct

2.2 Workplace Safety

2.3 Environmental Compliance

2.1 Workplace Conduct

You are expected to help create and maintain a work environment that supports our shared values and cultural priorities. Discrimination and harassment are not tolerated at AEP, and employment-related decisions such as training, hiring, disciplining, compensation and promotions will be made regardless of race, color, religion, gender, age, national origin, veteran status, disability or sexual orientation. You are expected to comply with the Rules of Conduct found in AEP's Employee Handbook.

2.2 Workplace Safety

Safety is the primary cornerstone of our business. No aspect of operations is more important than the health and safety of people. Our customers' needs are met in harmony with environmental protection.

To report an unsafe condition, please contact AEP's Hazard Line (1-888-AEP-ASAP), your local manager or contact AEP's Concerns Line at 1-800-750-5001 or online at www.aepconcernsline.com.



AEP's Hazard Line
1-888-AEP-ASAP
(1-888-237-2727)

2.3 Environmental Compliance

AEP is committed to environmental excellence and leadership and seeks to achieve the highest level of environmental protection and enhancement, in full compliance with all applicable laws and regulations, consistent with providing a reliable and economical supply of energy. Employee awareness of, and commitment to compliance with, environmental requirements are key to meeting our legal obligations and protecting the environment today and for generations to come.

Striving for environmental excellence depends on the individual efforts of thousands of AEP employees, working together with a shared commitment to environmental protection and enhancement. All employees are expected to assume responsibility for environmental protection and will be held accountable for willful violations of environmental laws or regulations.



BUSINESS RELATIONSHIPS

3.1 Golden Rule

3.2 Customer Interactions

3.3 Conflicts of Interest

3.4 Business Opportunities

3.5 Bribes and Kickbacks

3.6 Gifts and Entertainment

3.1 Golden Rule

You and your co-workers' contributions to the workplace are AEP's most valuable assets. Our commitment to respect our people and give them the opportunity to be as successful as they can be means that we will:

- ✓ Respect each other as human beings and as individuals.
- ✓ Treat others the way we want to be treated, regardless of position.
- ✓ Value our diversity and each person's talents, perspectives and experience.
- ✓ Promote trust, teamwork, and work/life balance.

3.2 Customer Interactions

A key to AEP's business success lies in our ability to please our customers by meeting their needs in ways that improve their quality of life. This includes delivering safe, efficient, and reliable services of consistently high value, and promoting our products truthfully. If we please our customers, we will please our regulators, our financial results will reward shareholders, and our employees can reap significant rewards.

AEP depends on long-term, continuing relationships with satisfied customers. Cultivating a reputation of honesty and straightforward communication is fundamental to this long-range approach.

There's no right way
to do the wrong thing

3.3 Conflicts of Interest

Conflicts of interest arise when an employee uses his/her position or responsibilities at AEP for personal gain. A conflict also arises when an employee's personal interests influence the employee's professional conduct for the benefit of a personal friend or immediate family member. Employees, individually or in collusion with others, must avoid any business, financial, or other relationship where personal interests conflict with, or appear to conflict with, the interests of AEP or its shareholders.

For the purposes of AEP's *Principles of Business Conduct*, a "financial relationship" is defined as one that is significant enough to materially affect an individual's activities. This definition does not apply to an interest as a security holder in companies whose securities are listed on any national securities exchange or traded over the counter by members of the National Association of Securities Dealers, unless the holdings in the company exceed 1% of voting control.

Examples of potential conflicts of interest are: outside employment, investing or involving yourself with another company in competition with AEP; investing or involving yourself with another company that supplies goods and services to AEP; and accepting gifts, payments or loans conferred as a result of your position with AEP. These activities should be undertaken only with great caution or should be avoided altogether.

Question:

I am responsible for overseeing and approving work orders for the maintenance crew that landscapes the outside of our facility. May I recommend my father-in-law's lawn care service as a potential vendor?

Answer:

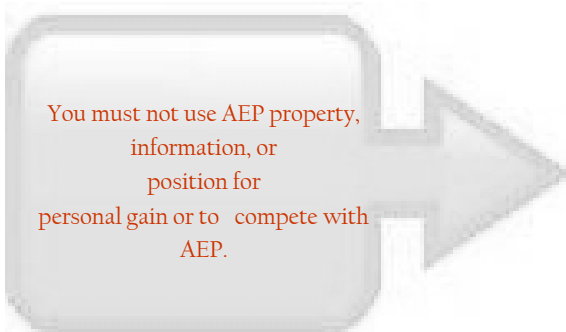
No. Doing so would create a conflict of interest as your father-in-law could personally benefit from the arrangement and your judgment in overseeing his work could be impaired because of your relationship with him. Your father-in-law should not receive preferential treatment and should go about obtaining work at AEP just like anyone else. Should he ultimately be the selected vendor, you should remove yourself from the situation to avoid a conflict of interest and have an unbiased person oversee his work.

Prior approval is required for any employee to perform work or services for, or have a financial interest in, an outside entity that does or seeks to do business with AEP (other than as a customer of AEP) or that competes with services provided by AEP. In any event, in no way should an employee be in a position to approve the work for a company where a conflict exists.

Employees considering, or who currently have, such relationships must notify their supervisor in writing. The supervisor will forward the written notification to Ethics & Compliance for a determination if the relationship is consistent with AEP's *Principles of Business Conduct*.

3.4 Business Opportunities

Every employee and officer should deal fairly with our customers, vendors, competitors, and fellow employees. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.



You must not use AEP property, information, or position for personal gain or to compete with AEP.

You may not take for yourself opportunities that belong to AEP. Any business venture or opportunity that you learn about or develop in the course of your employment that is related to any current or prospective business of AEP belongs solely to AEP.

3.5 Bribes and Kickbacks

AEP depends on vendors and suppliers to accomplish work objectives. Maintaining a healthy working relationship with vendors is important. Promoting a healthy business relationship with vendors starts with a procurement process that is open, fair, and emphasizes competitive bidding in contracts.

The highest standards of personal conduct and business ethics are required of every employee who is directly involved in buying goods and services, as well as other employees who are in a position to influence purchasing decisions or relationships.

In addition, every employee involved in the buying process must ensure that their actions are on an arms-length basis with vendors and in accordance with the corporate procurement policy. No bribes, kickbacks, or similar unlawful or improper payments may be given to any person or entity for the purpose of obtaining or retaining business for AEP. Likewise, third parties or other intermediaries may not be used to circumvent these prohibitions.

Many federal, state, and local laws or policies strictly prohibit or severely limit the furnishing of meals, gratuities, entertainment or anything else of value to state and local government officials, employees, or candidates for any public office by employees on behalf of AEP. Employees responsible for contacts with state and federal agencies and other levels of government must be totally familiar with, and fully abide by, any specific standards adopted by the various agencies or other government bodies. In addition, these employees must comply fully with all lobbyist registration and reporting requirements, as prescribed by applicable law.

As an AEP employee, you are also expected to comply with the **Foreign Corrupt Practices Act**, which makes it unlawful to make payments to foreign government officials to assist in obtaining or retaining business.

3.6 Gifts and Entertainment

All business decisions should be made objectively, solely on the basis of quality, service, price, and similar competitive factors. You may not accept gifts, favors, services, payments, privileges, or special treatment of any kind from a customer, vendor, or contractor, nor may you give them to anyone in a business relationship unless to do so meets all of the following criteria:

- ✓ It is consistent with good business practices;
- ✓ It cannot be construed as a business inducement;
- ✓ It is of nominal value;
- ✓ You are able to reciprocate; and
- ✓ It would not be embarrassing to AEP if it were disclosed to the public.

Question:

A vendor, who recently submitted a bid for contract renewal, has offered me local theater tickets. I am not involved in the final contract decision but I do have technical input into the review process. May I accept the tickets?

Answer:

Accepting the tickets could be construed as a business inducement. Prior to accepting these types of offers (tickets to sporting events and concerts, travel accommodations, gift cards) make sure that doing so meets all of the following criteria: 1) it is consistent with good business practices; 2) it cannot be construed as a business inducement; 3) the item is of nominal value; 4) you are able to reciprocate; and 5) if you accept the gift, it would not be embarrassing to AEP if it were disclosed to the public. If you are unsure, discuss it with your supervisor or with E&C, to ensure you are making decisions in the best interest of AEP and not yourself.

Gifts not meeting the above five criteria must be returned to the donor, accompanied with an explanation about this standard. If perishable, the gift should be donated to a charitable organization and the donor notified of the action taken.

Meals and other social events, the main purpose of which is to establish and maintain necessary business relationships, are considered legitimate business practices. However, you may not accept or provide any offers of lavish business meals or entertainment that are not related directly to the conduct of business or that could be interpreted or appear as having been made with the intent to influence the business judgment of the recipient.

You should refrain from accepting meals and entertainment offers from vendors on a regular basis, where the appearance of routine acceptance might lead others to assume that your business judgment could be influenced. Other forms of entertainment such as theater tickets, sporting event tickets, golf dates, or other outings may be acceptable if it is practical for you to reciprocate. You must obtain supervisory approval if reciprocation is not practical but you feel it is in AEP's best interest to attend.

AEP recognizes that under certain circumstances, providing or accepting invitations to functions that involve travel or overnight stays could be in the best interests of AEP and contribute to good working relationships with customers or vendors.

COMPANY ASSETS

4.1 Financial Records, Reporting and Internal Controls

4.2 NERC Critical Infrastructure Protection

4.3 Confidential Information and PII

4.4 Intellectual Property

4.5 Records Retention

4.1 Financial Records and Internal Controls

Many people, both inside and outside of AEP, have a legitimate interest in AEP's operations. They rely on the timeliness, accuracy, and integrity of our information to make decisions concerning a wide range of important matters. These include rates, investments, permits, inventories, maintenance, certifications, purchases, contracts, taxes, and insurance rates.

Therefore, every employee involved in creating, transmitting, or entering information into financial and operational record is responsible for doing so fully, accurately, and with appropriate supporting documentation. Full compliance with established accounting and operating procedures and controls is expected and required. AEP's records, books, and documents must accurately reflect all transactions and provide a full account of the organization's assets, liabilities, revenues, and expenses in order to accomplish the above and to comply with related laws and generally accepted accounting principles. Knowingly entering inaccurate or fraudulent information into AEP's accounting system is unacceptable, may be illegal, and is grounds for discipline including termination of employment as well as possible criminal prosecution.

Management is responsible for developing, implementing, and monitoring an effective system of business controls for the purpose of providing all stakeholders reasonable assurance that laws are being obeyed, financial reporting is accurate, operations are managed efficiently and effectively, and assets are properly safeguarded. You are responsible for complying with the policies and procedures that incorporate these controls and cooperating with AEP's authorized internal and external auditors.

We all share the responsibility for the detection and prevention of fraud and similar inappropriate conduct. You must immediately report actual or suspected instances of fraud to an appropriate member of management, Audit Services, Ethics & Compliance, Legal or Human Resources. Suspected fraud can also be reported confidentially and anonymously through the AEP Concerns Line at 1-800-750-5001. For additional information and questions, please review AEP's [Anti-Fraud Policy](#).



4.2 Security and NERC Critical Infrastructure Protection

You have a role to play to ensure the security of your fellow employees and AEP's assets. The role can vary from keeping your computer password secure to reporting suspicious persons on or around AEP property. In today's social media environment, that role has grown to also include being cautious on how you post both personal and company-related information to social media platforms or the actions you take when you receive an email from outside AEP. To accomplish this, you should:

- ✓ Be cautious of any attachments or URL included in email sent to you from outside AEP. Carefully evaluate the email to ensure that you are positive of who sent the email to you. When in doubt, don't open the attachment or click on the URL, as it could have hidden malware designed to take control of your computer.
- ✓ Report security incidents to Security either online or by calling the Security Hotline at 1-866-747-5845 (audinet 8-200-1337), which is available 24 hours, 7 days a week. When in doubt, report the incident.
- ✓ Keep personal and AEP items properly secured and lock your desk when unattended.
- ✓ When travelling, secure laptops and other valuables in an area of your vehicle that is not visible.
- ✓ Always lock unattended vehicles and tool bins.
- ✓ Always password lock your computer when away from your desk.

AEP is subject to the North American Electric Reliability Corporation Critical Infrastructure Protection Standards (NERC CIP), which are extensive requirements for securing utility infrastructure and implementing specific information management policies.

Protecting you,
protecting AEP

Question:

During our morning meeting, my supervisor told us that a co-worker who had been out of work for several weeks was addicted to pain killers following knee surgery. I thought that type of information was confidential; am I wrong?

Answer:

It is most definitely confidential information. Employees and contractors are entrusted with maintaining certain confidential information and, in this case, it is sensitive medical information. Sharing such medical information is not only a violation of trust, but also against company policy and potentially a violation of federal privacy laws. If there is a question about what is considered confidential information, seek advice from your supervisor, HR, or E&C.

In addition, if you work in, or have access to, an AEP asset designated as a NERC CIP location, you are required to comply with an additional set of stringent security standards. Do not enter a restricted area unless you are certain that you have approved unescorted access. If you enter with an escort, you must log in and out every time you enter or leave that location. If you are escorting an individual, know your responsibilities. When in doubt, call the Security Operations Center through the Security Hotline at 1-866-747-5845 (audinet 8-200-1337). Government regulations require AEP to report any sabotage events. Since it is difficult to determine if sabotage has occurred, all employees and contractors are encouraged to report all suspicious events to Security using one of the methods noted above. The Security and IT Security teams will investigate and evaluate the incident to determine if sabotage has occurred. For additional information or questions, visit online at [Security](#) or [NERC CIP Standards](#).

4.3 Confidential Information and PII

All employees with access to AEP funds, property, or information have a responsibility to manage them with the highest level of integrity and to avoid any misuse of these assets. Fraud, theft, embezzlement, or other improper means of obtaining corporate funds are not only unethical but also illegal. Every precaution should be taken to prevent passing

information to unauthorized persons, both inside or outside of AEP, particularly in those areas where confidential information and technologies play a major role in business strategy. Confidential information includes all non-public information about AEP's employees, customers, vendors, business plans, and operational information. It may also include information that vendors and customers provide to us.

AEP collects, uses, retains, and exchanges personally identifiable information (PII) about customers, employees, contractors, and vendors as part of doing business. PII includes, but is not limited to, a person's social security number, driver's license number, biometric data, and credit or bank account information coupled with a password to access the account. If PII is compromised, identity theft could result in damage to AEP's reputation, significant compensation costs and fines. Treat PII in your care like it is your own and secure it.

4.4 Intellectual Property

AEP has made major investments in intellectual property, including technological developments and designs, computer software, and strategic plans. Protecting these properties against misappropriation is a priority for you and AEP.

You may not disclose to unauthorized individuals - whether inside or outside of AEP - any information which would tend to compromise proprietary technologies or trade secrets. In addition, you must take reasonable precautions to prevent the inadvertent disclosure of this information. You are encouraged to communicate regarding these matters only with those who have a need to know and are authorized to have the information.

Property rights in inventions, knowledge, and employee work products are significant to AEP. New developments or inventions by employees generally occur in the course of their work assignment, on company time, and using company facilities. AEP's ownership rights for inventions, knowledge, and employee work

No aspect of operations is more important than the health and safety of people

product ("Intellectual Property") must be established and protected under applicable laws and utilized for the benefit of AEP. AEP owns all Intellectual Property made, developed, or conceived by an employee during the employee's term of employment through the use of company resources, time, or facilities, or which in any way relate to the employee's employment or the electric utility field.

Just as we expect our intellectual property rights to be observed, we will respect the intellectual property rights of others. You may not intercept, duplicate, or appropriate through electronic or other means, materials such as computer software, audio or video recordings, publications, or other protected intellectual property except by permission of the intellectual property right holder. Additionally, any offer of confidential information from outside sources must be refused until authorized by the AEP Legal Department.

4.5 Record Retention

Records must be retained in accordance with AEP's [Records Retention Manual](#) and other applicable laws and regulations. However, records that are subject to a litigation hold, including requests from a government agency, private individual, or corporation as part of a legal proceeding, or records that are relevant to pending or anticipated litigation, must be preserved. This document preservation obligation supersedes any document retention period specified by any record retention policy.

The AEP Legal Department will advise you of the need to preserve all documents in all media formats. If you have questions regarding the disposition of a particular document, you should contact the AEP Legal Department before disposing of the document.

4.6 Proper Use of Corporate Assets

You are entrusted with using AEP-owned assets for legitimate purposes to perform your job during the normal course of business. Limited personal use of certain company-owned assets is permissible, such as making the occasional personal phone call or using the internet to check the current news. However, such use should neither be excessive nor interfere with your job function at AEP. Employees should not perform, nor be directed to perform, personal work while on company time. Examples include doing personal grocery shopping while picking up company mail, or directing a subordinate to pick up your personal vehicle from the repair shop. At no time should company-owned assets be used for outside personal business purposes.

There are instances where you may be asked to perform work on behalf of AEP as part of a public service or charitable function where such work may include the use of company assets including tools, equipment or vehicles. Examples may include installing lighting at a little league baseball field or using your company computer to present a slideshow at a United Way meeting. For all such activities, prior approval from management is required and all activities must be fully disclosed before conducting the work.

Question:

Would I be allowed to use my AEP laptop to file my personal taxes?
I would only use the laptop after business hours and the weekends.

Answer:

The short answer is no. Regardless of whether it's after business hours or on the weekend. AEP-owned assets should be used only for legitimate business purposes. It is not uncommon for employees to read news articles or check sports scores on their company computer or make a personal phone call on a company-owned device. That's fine, provided that such use is on a limited basis and doesn't interfere with your job function at AEP.

For other company-owned assets (tools, equipment, or vehicle), personal use should be limited to only those activities that are pre-approved by your supervisor. Remember, company owned assets are provided to you to perform a job for AEP with the trust that they will be used properly at all times.

You may not use AEP's assets or network to view, send, store or print pornographic or other similarly offensive material, as well as written jokes or materials containing racial, ethnic, religious or sexist slurs or epithets. Any employee found to have engaged in such activities will be subject to disciplinary action, up to and including termination on the first offense. AEP monitors both company-owned assets and traffic across AEP's network including emails, visits to websites, and other forms of traffic, even if such traffic originates from a personal device connected to AEP's network wirelessly or through a network cable. For more information or questions, please review [AEP's Prohibition Against Pornography and Offensive Material](#).

CORPORATE RISK

- 5.1 Anti-Trust**
- 5.2 Intercompany Relations**
- 5.3 SEC Reporting**
- 5.4 Public Communications**
- 5.5 Insider Information and Trading Activities**
- 5.6 Political Participation**
- 5.7 Political Contributions**
- 5.8 Government Relations**

5.1 Anti-Trust

All employees are responsible for ensuring that our business is conducted in compliance with state and federal antitrust laws, which can be complex. The premise, however, is simply that the economy and public will benefit most if businesses compete vigorously, free from unreasonable restraints on competition and trade. In general, the antitrust laws prohibit:

- ✓ Joint action, by means of conspiracies, agreements and other understandings between two or more competitors regarding prices, customers, territories, and other policies or conduct that unreasonably restrain competition.
- ✓ Unilateral action that is exclusionary and tends to create or maintain monopoly power in the marketplace for some particular product or service.
- ✓ Discrimination in the prices to buyers of similar goods, who are similarly situated, during the same market conditions, subject to several complex defenses and conditions.
- ✓ False or misleading advertising that either disparages a competing product or service, or conveys materially misleading information about our own product or service.
- ✓ Mergers and acquisitions that tend to reduce competition.

Violation of these laws can carry severe civil and criminal penalties for both AEP and the individual. You should be alert to business situations that raise antitrust issues. Employees who fail to comply with the antitrust laws may be subject to disciplinary action, which could include termination of employment. If you have any questions about the laws' applicability to your conduct - or if you are uncertain whether a situation involves antitrust issues – do not continue the conduct or conversation until you have consulted with your supervisor or contacted the AEP Legal Department.

5.2 Intercompany Relations

Subsidiaries of American Electric Power Company, Inc. are governed by laws and regulatory rules that regulate transactions between and among them. These laws and rules are intended to prevent cross-subsidies and to avoid the misstatement of expenses and earnings. The AEP Accounting Department or the AEP Legal Department should be consulted for assistance in these areas.

5.3 SEC Reporting

All AEP employees participating in the preparation of reports or documents filed with or submitted to the Securities and Exchange Commission (SEC) or engaging in public communications made on behalf of AEP shall endeavor to ensure full, fair, accurate, timely, and understandable disclosure in reports and documents that AEP files with or submits to the SEC and in other communications made on behalf of AEP.

5.4 Public Communications

AEP anticipates that you may discuss your work experiences on social media. The Social Media Policy addresses communications by AEP employees during work and non-working hours, on AEP-issued as well as personal cellular and computing equipment. The policy establishes the appropriate manner in which you may interact on social media about AEP and defines criteria for Authorized Digital Spokespersons, who have specific permission to comment and/or otherwise contribute to social media on behalf of AEP for business purposes.

You are expected to comply with the policy at all times. Please be aware that derogatory comments or objectionable conduct toward fellow employees and management on social media may be considered harassment and intimidation just as if it happened in the workplace. It is also your responsibility to protect AEP's confidential or otherwise undisclosed documents at all times. For more information or questions, please review [AEP's Social Media Policy](#).

5.5 Insider Information and Trading Activities

Insider information includes any material, non-public AEP information an employee learns about through his or her employment. Examples of material information include financial results, news of a pending or proposed company transaction, regulatory actions or proceedings, development of legal proceedings, significant changes in corporate strategy, news of a significant sale of assets, changes in dividend policies, financial liquidity changes, or other events that may impact the Company's earnings. Employees must not buy or sell any of the Company's stock until after the public has received the information and the stock market has had time to react to it.

Employees must not disclose inside information to third persons, including family, friends, and acquaintances. Third persons who trade AEP stock based on insider information obtained from an employee of the Company may subject the employee to criminal and/or civil liability under the securities laws, whether or not the employee benefits from the transaction. All employees should refer to the Insider Trading Policy to ensure compliance with the securities laws that govern insider trading. For more information or questions, please review [AEP's Insider Trading Policy](#).

In addition to complying with AEP's *Principles of Business Conduct*, all AEP employees engaging in trading activities must also certify compliance with the **AEP Commercial Operations Risk Policy** on a periodic basis. This periodic certification also applies to employees who conduct or support energy market-related activities, or employees who are directly responsible for supporting, reviewing, or authorizing AEP's energy commodity market activities, whether physical or financial. The Commercial Operations Risk Policy incorporates a separate Code of Conduct, which reflects AEP's internal principles and practices, as well as rules promulgated by the Federal Energy Regulatory Commission (FERC).

5.6 Political Participation

You are encouraged to participate in political and civic activities. However, you must ensure that you are fully able to meet the responsibilities of your job and that no conflict of interest exists between your employment and your duties in the public or civic arena. Employees seeking an elective office must be sensitive to potential conflicts of interest.

AEP recognizes that major corporate issues can be at stake in the political arena and maintains a public policy program to advocate AEP's positions on these issues. Such advocacy often involves communication with elected officials. However, AEP will exert no pressure, direct or indirect, to influence decisions of employees who serve in public positions.

AEP expects employee officeholders confronted with potential conflicts of interest to act in the public interest, guided by their consciences. Whether or not those decisions affect AEP, employee officeholders must avoid even the appearance of conflicts of interest. Such consideration by the employee may include the need to recuse oneself from such decisions. Employees expressing their personal views on political issues or candidates must indicate clearly that such views are their own; they are not acting on behalf of AEP.

5.7 Political Contributions

You must comply fully with federal, state, and local laws that forbid the use of corporate funds or resources and ban gifts from lobbyists, for support of political parties or candidates. Every employee has the right to participate in political matters and decide to whom or to what organization to contribute any personal political contribution. Company pressure of any kind, direct or implied, is not permitted.

5.8 Government Relations

AEP is committed to nurturing strong and productive relationships with our public officials and regulators. You must conduct AEP business before public officials and regulators openly and honestly, exercising the utmost integrity at all times. When in doubt on any ethical question, always choose the highest standard.

REPORTING CONCERNS

6.1 Should I Report?

6.2 How Do I Report?

**6.3 How Does the Concerns
Line Work?**

6.4 Retaliation

Question:

How does Ethics & Compliance investigate a concern if the caller is anonymous?

Answer:

All calls to AEP's Concerns Line are answered by a third-party vendor to ensure anonymity -- the vendor does not track phone numbers nor do they record the conversation. The caller creates a unique password to access his/her case. The vendor then forwards the concern to E&C. Oftentimes there is enough information to begin an investigation; however, there are times when more information is needed from the caller. E&C will then leave a request for the information with the third party vendor which the caller can retrieve using his/her password.

Once the investigation has concluded, a response is left for the caller to explain the investigation findings and answer any additional questions. Remember that every call matters and every caller, anonymous or not, gets a response to their concern.

6.1 Should I Report?

Deciding whether to report a concern can be a difficult decision for anyone. When faced with this dilemma, ask yourself a few questions about the activity or event that is at the center of your concern. First, does your conscience tell you it's right? Next, is it ethical and legal? Then, does it fulfill AEP's Core Values? Finally, how would it read in the newspaper?

If the answer to any of these questions confirms your concern that something could be unethical or illegal, you should report the concern. This is your company, and you have a responsibility to speak up when you see something that is, or appears to be, unethical or illegal.

6.2 How Do I Report?

If you become aware of any conduct or behavior in violation of the law or AEP's *Principles of Business Conduct* by anyone working for or on behalf of AEP, or if you have any business ethics questions or concerns, you are first encouraged to discuss your concern with your supervisor or others in management.

If you are unable or unwilling to discuss your concerns with your supervisor or others in management, or if your previous concerns have not been addressed to your satisfaction, you may call the AEP Concerns Line, toll free, 24 hours a day at 1-800-750-5001. You can also report online at www.aepconcernsline.com.

Question:

A few weeks ago, I talked with my supervisor about a concern that a co-worker was falsifying his timesheet. Now, I'm being required to log my own time in 10-minute increments because my supervisor felt that I "don't have enough to do." I reported my concern in good faith, but feel it has come back to haunt me. Is this fair?

Answer:

Presuming you've had no prior issues with managing your time, this may be retaliation and should be investigated thoroughly. Employees are encouraged to report concerns in good faith, and being retaliated against for doing so is a violation of AEP policy and will not be tolerated. AEP takes every measure to protect employees from retaliation and confirmed cases of retaliation are monitored to ensure it does not continue.

E&C will make every effort to maintain confidentiality of the information shared and the anonymity of anyone disclosing information.

AEP has a [Whistleblower Protection Policy](#) to reinforce federal protection of whistleblowers who report fraud, waste, abuse, or mismanagement of American Recovery and Reinvestment Act funds. AEP shall cooperate with any investigation as well as promote awareness of the policy to AEP employees, contractors, sub-contractors, and suppliers.

6.3 How Does the Concerns Line Work?

All calls to AEP's Concerns Line are answered by an independent, non-affiliated firm to ensure anonymity when desired by the caller. The firm's representative documents the concern and may ask clarifying questions to ensure that the concern is completely understood. The information is then transmitted to E&C and an investigation is conducted to uncover the facts. E&C makes every effort to protect the reputation of everyone involved and the focus of every investigation is what's right, not who's right. At the conclusion of every investigation, E&C provides a response to the caller.

If you have questions or are seeking guidance on ethical issues and do not require anonymity, you can contact Ethics & Compliance directly through the Ethics Helpline at audinet 8-200-6226 or 614-716-6226.

6.4 Retaliation

Employees who come forward with concerns play an important role in maintaining a healthy, respectful, and productive workplace. Retaliation against an employee for reporting in good faith an issue or raising a concern he or she believes to be true involving a violation of company policy, law, or regulation is strictly prohibited. Retaliation can take many forms, such as demotions, undesirable assignments, inappropriate performance ratings, and termination of employment. Retaliation may also include verbal harassment, intimidation, threats of retaliation, and attempting to identify a Concerns Line caller. Be aware that retaliation can occur between management and employees as well as among employees themselves.

Allegations of retaliation for reporting concerns are very serious. Any such allegation will be thoroughly investigated by E&C. Confirmed allegations of retaliation will result in appropriate disciplinary action, including termination. For more information or questions, please review AEP's [Policy on Retaliation Against Employees](#).

This is not a book filled with abstract concepts and policies; this book delineates for each of us the manner in which we are expected to conduct ourselves each day as AEP employees. Our Values: Zero Harm, Integrity & Stewardship, Adapt & Achieve, and Customer Focus – are embedded in each of these *Principles*. In short, the *Principles of Business Conduct* create the very foundation of a corporate culture that is based on high ethical standards, integrity, and simply doing the right thing.