

AMERICAN ELECTRIC POWER SYSTEM PROCEDURES FOR IMPLEMENTATION OF FERC STANDARDS OF CONDUCT

In accordance with Rule 358.7(d) of the Federal Energy Regulatory Commission ("FERC" or "Commission"), 18 C.F.R. § 358.7(d), the following procedures have been adopted by the American Electric Power ("AEP") System to comply with the Standards of Conduct adopted in Order No. 717¹ and set forth in FERC Part 358 of the Code of Federal Regulations, 18 C.F.R. § 358. The FERC Standards of Conduct are specifically applicable to AEP's Transmission Function Employees and their relationships with Marketing Function Employees.

A Transmission Function Employee is an employee, contractor, consultant or agent of a transmission provider who actively and personally engages on a day-to-day basis in the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests.¹

A Marketing Function Employee is an employee, contractor, consultant or agent of a transmission provider or of an affiliate of a transmission provider who actively and personally engages on a day-to-day basis in the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights.²

While the Standards of Conduct govern the relationship between Transmission Function Employees and Marketing Function Employees, it is AEP's expectation that all employees will conduct the business of the AEP Operating Companies and AEP affiliates in a manner that complies with the Standards of Conduct.

¹ *Standards of Conduct for Transmission Providers*, Order No. 717, FERC Stats. & Regs. ¶ 31,280 (2008), *order on reh'g*, Order No. 717-A, 129 FERC ¶ 61,043, *order on reh'g*, Order No. 717-B, 129 FERC ¶ 61,123 (2009), *order on reh'g*, Order No. 717-C, 131 FERC ¶ 61,045 (2010), *order on reh'g*, Order No. 717-D, 135 FERC ¶ 61,017 (2011).

² 18 C.F.R. § 358.3 (c) - (d) (2022).

FERC's Standards of Conduct are designed to ensure that transmission providers may not provide preferential treatment or access to information about transmission that would unfairly benefit their own or their affiliates' sale to the detriment of other transmission customers. The key principles underlying the Standards of Conduct are as follows:

- **Non-discrimination.** Transmission providers must treat all transmission customers, whether or not affiliated, on a not unduly discriminatory basis, and must not make or grant any undue preference or advantage to any person or subject any person to any undue prejudice or disadvantage with respect to transmission of electric energy in interstate commerce, or with respect to the wholesale of electric energy in interstate commerce.
- **Independent Functioning.** Transmission Function Employees and Marketing Function Employees must function independently.
- **No Conduit of Transmission Information.** A transmission provider and its employees, contractors, consultants and agents are prohibited from disclosing or using conduits to disclose non-public information to its marketing function employees.
- **Equal Access to Non-public Transmission Information.** A transmission provider must give equal access to non-public transmission information to all transmission customers, whether or not affiliated, unless the information is confidential customer information or critical energy infrastructure information.

I. DESCRIPTION OF THE AEP SYSTEM

The AEP System is a multi-state public utility holding company system. The AEP System consists of nine operating companies (Appalachian Power Company in West Virginia and Virginia, Indiana Michigan Power Company in Indiana and Michigan, Kentucky Power Company in Kentucky, Kingsport Power Company in Tennessee, Ohio Power Company (“Ohio Power”) in Ohio, Wheeling Power Company in West Virginia, AEP Texas, Southwestern Electric Power Company (“SWEPCO”) in Louisiana, Arkansas, and Texas, and Public Service Company of Oklahoma (“PSO”) in Oklahoma, which provide electric service at wholesale and retail in part of eleven states (West Virginia, Virginia, Indiana, Michigan, Kentucky, Tennessee, Ohio, Texas, Louisiana, Arkansas, and Oklahoma), as well as associated companies that engage in activities incidental to the operating companies’ business.

In addition, the AEP System includes seven transmission-only companies (collectively, the “AEP Transco Companies”) that are wholly-owned subsidiaries of AEP Transmission Company, itself a wholly-owned subsidiary of AEP. The AEP Transco Companies are currently providing, or in the future will provide, transmission service at wholesale in parts of the same eleven states (AEP Ohio Transmission Company in Ohio, AEP Indiana Michigan Transmission Company in Indiana and Michigan, AEP Kentucky Transmission Company in Kentucky, AEP Appalachian Transmission Company in Virginia, AEP West Virginia Transmission Company in West Virginia, AEP Oklahoma Transmission Company in Oklahoma and AEP Southwestern Transmission Company in Louisiana and Arkansas). As of June 10, 2013, the AEP Transco Companies were actively operating in Ohio, Indiana, Michigan, Virginia, West Virginia, Oklahoma, and Kentucky.

The AEP System includes the companies of the former Central and South West System (“CSW”), which merged with the AEP System in 2000. The regulated generation and transmission facilities of the AEP System, although owned by the operating companies, are operated and planned on an integrated basis. Integrated operation is accomplished on a centralized basis by employees of AEP Service Corporation, in accordance with the AEP System Transmission Agreement, the CSW Operating Agreement, the CSW Transmission Coordination Agreement, the System Integration Agreement, and the System Transmission Integration Agreement, all of which have separate rate schedules filed at the FERC.

Following Ohio’s energy restructuring law, the Ohio Public Utilities Commission required Ohio Power to separate its generation and power marketing from its transmission and distribution businesses (corporate separation). AEP Generation Resources was formed to own and operate the generation assets formerly owned by Ohio Power. With corporate separation now complete, the new AEP Energy Supply company encompasses all of AEP’s market- regulated (sometimes referred to as “deregulated”, “unregulated” or “competitive”) businesses, including AEP Generation Resources, AEP Energy Partners, AEP Energy, AEP Renewables and AEP OnSite Partners. AEP Energy Partners is a wholesale power marketer, while AEP Energy sells retail power. AEP Renewables and AEP OnSite Partners develop and own renewable generation projects.

II. AEP TRANSMISSION FUNCTION AND MARKETING FUNCTION

A. Transmission Function.

The Transmission Division, under the direction of the Executive Vice President - AEP Transmission, performs AEP’s transmission operations and planning functions on a centralized basis. This Division is comprised of five organizations: Transmission Reliability Assurance, Controls and Field Services, Grid Development, Transmission Ventures, and Transmission Business Operations & Controls. The AEP Transmission System assets are planned, engineered,

constructed, operated and maintained through the coordinated efforts of the Transmission Division.

The Transmission Division is responsible for the reliable operation of the entire AEP Transmission System, including the fulfillment of the AEP System's responsibility as a transmission operator consistent with North American Electric Reliability Corporation ("NERC") reliability standards and guidelines.

The AEP Transmission System is composed of two zones: The AEP East Zone and the AEP West Zone. The AEP East Zone is part of the PJM Regional Transmission Organization ("PJM"), which includes the integrated generation and transmission facilities operated by AEP in the historical AEP region. The AEP West Zone operates within two Regional Transmission Organizations ("RTO"). The first of these, the Southwest Power Pool ("SPP"), includes the integrated generation and transmission facilities of PSO and SWEPCO, and the transmission facilities of AEP Oklahoma Transmission Company in Oklahoma and AEP Southwestern Transmission Company in Louisiana, Arkansas and Texas. The second RTO is the Electric Reliability Council of Texas ("ERCOT"), which includes the transmission facilities of Electric Transmission Texas ("ETT") and AEP Texas. Transource Energy plans to develop competitive transmission projects initially in the PJM, SPP, and Midwest ISO ("MISO") transmission regions. Transmission Function Employees reside in AEP's Transmission Grid Development Division under the Transmission Operations department. AEP transmission capacity and system reliability are coordinated through the AEP System Control Center, under the direction of the Transmission Operations Department. In addition, AEP has five Regional Transmission Dispatch Centers that are part of the Transmission Division, also under the direction of the Transmission Operations department.

Transmission Grid Development is also comprised of the following four groups: Transmission Grid Development, Transmission Capital Excellence & Continuous Improvement,

Transmission Engineering & Project Services, and Transmission Reliability Compliance. This organization is responsible for transmission operations, leading and facilitating continuous improvement, collaborating with project teams and subject matter experts to gather data around issues, lessons learned and project success efforts within Transmission, technology development, financial reporting, supporting the Transmission organization by ensuring compliance with Reliability Standards and Requirements established by NERC, regional reliability organizations, and state regulatory agencies, and developing and executing transmission strategy and business development plans in alignment with AEP's corporate strategy for the AEP Transmission Company and AEP Operating Companies within the ERCOT, PJM and SPP RTO regions.

The Controls and Field Services organization is responsible for completing selected Capital construction projects and O&M activities including compliance, corrective maintenance, preventive maintenance and storm restoration activities for the AEP transmission system and distribution station facilities and Transmission Project Financial Controls. Several employees are located within or directly support the work of the Transmission Division. Although these employees are not Transmission Function Employees under the Standards of Conduct, they perform an important role in the operation of the Transmission Division. Due to the work performed by these employees, and the likelihood that their work makes them aware of transmission function information, employees in this organization shall be subject to the no conduit provisions of Section III. E. of these Procedures.

The Transmission Business Operations Programs Organization is responsible for process improvement, performance management, and portfolio management.

The Asset Strategy and Policy organization is responsible for Transmission financial reporting and the oversight of all Transmission Policy matters involving RTOs, FERC, and State regulators affecting AEP Transmission (AEP Transco Companies and Transource) project.

Transmission Ventures is responsible for Transource Energy, a joint venture with Great Plains Energy that is pursuing competitive transmission projects, and Electric Transmission Texas, a joint venture with MidAmerican Energy Holding Co. that develops transmission projects in the ERCOT area.

B. AEP Marketing Function

AEP's marketing function engages in wholesale power marketing and trading on behalf of the AEP regulated operating companies. The Senior Vice President – Regulated Commercial Operations is responsible for the strategic direction of these functions; transactional and operational direction for the functions is provided by the Vice President – Market Operations. In addition, AEP's competitive supply-side affiliates engage in wholesale power marketing and trading under the AEP Energy Supply umbrella. AEP also has subsidiaries that, pursuant to the FERC Standards of Conduct, perform functions that cause their employees to be considered Marketing Function Employees. These are AEP affiliates, other than the AEP operating companies, that operate in U.S. markets and engage in the procurement of transmission services; buy, sell, trade or administer natural gas or electric energy; or engage in financial transactions relating to the sale or transmission of natural gas or electric energy.

Finally, employees of certain AEP affiliates may engage in retail power marketing pursuant to state retail wheeling plans involving use of the AEP Open Access Transmission Tariff ("OATT").

C. Bundled Retail Marketing Functions

AEP's bundled retail marketing employees are part of AEP Utilities' Customer Services, Marketing, and Distribution Services Department, which is separate from AEP's Transmission Division, the Regulated Commercial Operations and the competitive marketing function.

D. Supervisors, Managers, Corporate Executives, and Support Personnel

AEP may allow senior managers, officers, directors, or supervisors to have ultimate responsibility for both the transmission function and marketing function, as long as these persons do not actively and personally participate in the day-to-day direction, organization or execution of the transmission function or marketing function. These employees shall be subject to the no conduit provisions of Section III.E of these Procedures.

Likewise, there are support staff such as legal, accounting, finance, data processing, office services, human resources, information technology and risk management, who may be privy to transmission information yet who provide services to both Transmission Function and Marketing Function Employees. These employees are not considered either Transmission Function or Marketing Function employees as long as they do not actively and personally perform day-to-day transmission or marketing functions. It is expected that these employees will, at all times, conduct their work in accordance with the provisions of Section III.D.(7) of these Procedures.

III. PROCEDURES FOR THE IMPLEMENTATION OF STANDARDS OF CONDUCT

A. General Rule.

All employees of AEP and its affiliates shall abide by the Standards of Conduct set forth at 18 C.F.R. § 358 of the Commission's regulations.

B. Communication and Training.

(1) A copy of the Standards of Conduct and these Procedures will be provided to all Transmission Function Employees, Marketing Function Employees, officers, directors, supervisory employees, and any other employees likely to become privy to transmission function information. This shall include, but not be limited to, each employee (other than field and maintenance employees) in the Transmission Division and each employee at the level of supervisor or above in Customer Services, Marketing and Distribution Services; each employee of Commercial

Operations; each employee of any AEP affiliate; each employee of any department or division who engages in the purchase or sale of electric power or energy at wholesale or at retail pursuant to state retail wheeling programs involving use of the AEP OATT; all relevant support employees, and members of senior management who supervise such employees.

(2) Each such employee described above shall receive training in the Standards of Conduct and these Procedures and shall acknowledge by verifiable electronic means that he or she has received such training. Training will be completed electronically and must be repeated annually. New employees in the categories described in section (1) above shall be trained on the Standards of Conduct within the first 30 days of their employment. The Office of Ethics & Compliance shall be responsible for administering the Standards of Conduct training. The Office of Ethics & Compliance shall maintain a record of the electronic signatures supplied by employees once they have completed the training.

(3) The substance of the Standards of Conduct shall be communicated annually to all AEP employees through a company-wide publication.

(4) A current copy of these Procedures will be posted on AEP.com.

C. Identification of Marketing Function and Transmission Function Employees

(1) Each employee of AEP's Regulated Commercial Operations' or Energy Supply marketing function who is engaged in the sale for resale in interstate commerce, or the submission of offers to sell in interstate commerce, of electric energy or capacity, demand response, virtual transactions, or financial or physical transmission rights shall be regarded as a Marketing Function Employee for purposes of the Standards of Conduct. In addition, each employee of Regulated Commercial Operations or Energy Supply engaged in the sale of power or energy at

retail pursuant to state retail wheeling programs involving the use of the AEP OATT shall be regarded as a Marketing Function Employee for purposes of the Standards of Conduct. Each employee of any AEP affiliate who is engaged in the purchase or sale of power or energy at wholesale; who is engaged in transmission transactions; who buys, sells, trades or administers natural gas or electric energy; or who engages in financial transactions relating to the sale or transmission of natural gas or electric energy shall be regarded as a Marketing Function Employee.

(2) Each employee who actively and personally engages on a day-to-day basis in the planning, directing, organizing or carrying out of day-to-day transmission operations, including the granting and denying of transmission service requests is a Transmission Function Employee for purposes of the Standards of Conduct.

(3) Included as “employees”, for purposes of the application of the Standards of Conduct, are contractors, consultants and agents.

D. Independent Function Rule (18 C.F.R. § 358.5)

(1) Transmission Function Employees must function independently of Marketing Function Employees and are prohibited from conducting Marketing Functions.

(2) Marketing Function Employees are prohibited from (a) conducting Transmission Functions; or (b) having access to the transmission control center or similar facilities used for transmission operations that different in any way from the access available to other transmission customers.

(3) Except as may be necessary for emergency purposes, Transmission Function Employees shall not buy and sell power and energy in the hourly market or any other market. Rather, AEP’s Marketing Function Employees will perform this function.

(4) The Regulated Tariffs Department shall administer AEP’s OATT or shall delegate such administration to an independent entity or Regional Transmission Organization. The Tariff

shall, at all times, be administered in an impartial and non-discriminatory manner.

(5) PJM shall administer the Open Access Same Time Information System (“OASIS”) for the AEP East Zone. The OASIS for the AEP West Zone (SPP) will be administered by the SPP. Requests for transmission service over the AEP Transmission System made by AEP personnel in connection with the marketing function shall be made on the applicable OASIS.

(6) If a representative of a non-affiliated entity discusses possible transmission service with a Marketing Function Employee of AEP or directs inquiries regarding transmission service to a Marketing Function Employee of AEP, the Marketing Function Employee shall not state or imply that he or she has access to information concerning the AEP Transmission System that is not available to the public.

(7) Transmission Function Employees will not share with Marketing Function employees information concerning the transmission system through non-public communications conducted off the OASIS. Examples of information that may not be shared include Available Transmission Capacity, price and rate design, curtailments, balancing, scheduling, priority, ancillary services, maintenance activity and outage schedules, transmission flows, transmission equipment status, transmission operating procedures, transmission marketing studies and costs, identification of potential generation sites based in whole or in part on transmission data, or planned or potential transmission system capital projects (expansions, upgrades, etc.).

(8) Non-affiliated customer information shall not be shared with Marketing Function Employees without the customer’s voluntary written consent.

Measures to Restrict Access to Facilities

(1) The AEP System Control Center and the Regional Transmission Dispatch Centers are restricted areas accessible only by secured access. AEP’s IT Security Department maintains a list of employees who have authority to enter these secured areas. Employees working in these

areas will meet visitors outside of the secured areas and ensure that, upon entering the area, the visitor is escorted at all times. These measures shall be used to restrict access by all employees without secure access rights, including AEP Marketing Function Employees.

(2) All other Transmission Function Employees are located in a separate building, several miles from the building in which the Marketing Function Employees reside.

Measures to Restrict Access to Transmission Function Information

(1) Computer workstations assigned to Marketing Function Employees cannot access, view or modify any transmission information on the Supervisory Control and Data Acquisition (“SCADA”)/Energy Management System (“EMS”) computers. Only workstations assigned to transmission and regional control centers are configured to access SCADA/EMS transmission information.

(2) Marketing Function Employees and Transmission Function Employees share an energy scheduling and accounting system. Marketing Function Employees may access these systems to maintain and view their own energy accounting information, such as anticipated energy purchases/sales, and prices. On this system, Marketing Function Employees are denied access to transmission information such as transmission schedules, tie line data, and load accounting information.

(3) To further ensure separation from the Marketing Function, all workstations set up for Transmission Function Employees (i.e. those workstations with access to transmission information) are located in areas behind secure doors.

(4) Informational reports detailing AEP system conditions that are distributed throughout AEP are modified to remove all transmission status and transmission services information. Transmission related displays that are distributed throughout AEP for electronic viewing (via the AEP intranet) are divided into two sets: (i) transmission-oriented displays and (ii)

all other displays. AEP undertakes additional security measures to restrict access to transmission information that might be available through AEP's Local Area Network through username/password authentication techniques.

(5) All confidential customer information is maintained in an electronic database accessible only by those employees who have been given explicit permission to access the information. AEP's IT Department maintains a list of those employees with access rights to the information. Marketing Function Employees may not gain access to this information.

E. No Conduit Rule (18 C.F.R. § 358.6)

No employee of AEP or any of its affiliates shall disclose to any Marketing Function Employee any non-public information that an employee of AEP or its affiliates engaged in transmission functions would be prohibited from disclosing to such Marketing Function Employee under the Standards of Conduct or these Procedures.

F. Transparency Rules/Required Internet Postings (18 C.F.R. § 358.7).

In accordance with Part 358 of FERC's regulations and FERC Order No. 717, job titles and job descriptions for Transmission Function Employees shall be posted on AEP.com and shall be updated as necessary.

AEP's Transmission Division has primary responsibility for maintaining the postings on AEP.com and ensuring that the information is kept up to date in accordance with FERC rules. Likewise, the Transmission Division will be responsible for ensuring that all information regarding relevant employee transfer information is posted on AEP.com. Other required informational postings, such as the names and addresses of affiliates, and merger information will emanate from the AEP's Office of Ethics & Compliance and Legal Departments.

In accordance with the requirements in the Standards of Conduct, records of all internet postings are maintained for three years, except for notices of waiver of tariff provisions which

shall be retained for five years. Electronic versions of both the new and previous postings are maintained, along with the date of each posting.

G. Chief Compliance Officer

AEP has appointed its Chief Compliance Officer as its Chief FERC Compliance Officer. The Chief Compliance Officer, through the Office of Ethics & Compliance, oversees the company's compliance with the Standards of Conduct and these Procedures, and serves as FERC's primary contact regarding Standards of Conduct issues. The Office of Ethics & Compliance is responsible for the administration of the AEP Employee Concerns Line (a tool that is managed by an independent communications firm hired by AEP to ensure the integrity and objectivity of compliance reporting); the development and administration of ethics and compliance training, including the company's Standards of Conduct training; the investigation of internal and external Standards of Conduct and state codes of conduct complaints; and administration of the ethics and compliance program at AEP.

The Chief Compliance Officer is Gina E. Mazzei-Smith. Mrs. Mazzei-Smith may be contacted by email at gemazzei-smith@aep.com and by telephone at (614) 716-2990.