AEP ECONOMIC & BUSINESS DEVELOPMENT

Economic Development Incentives

We offer incentives in nine AEP-served states. These incentives, called Economic Development Riders (EDRs), help new and expanding businesses reduce costs and create jobs. While our rates are among the lowest in the nation, these incentives provide additional discounts on new electric demand to eligible companies. This cost savings can create economic advantage for you during the first several years of operation. Learn the highlights of available incentives listed below. Contact us for more details about your specific project's eligibility.

Arkansas

- AEP – SWEPCO offers two EDR options, depending on the size of the load.
- Option 1 – available for new loads or expansions of 500kW or more.
- Option 2 - available for new loads between 200kW – 499kW.
- Both options provide 3-year demand reductions, at these rates:

	Option 1	Option 2
Year 1	50%	35%
Year 2	40%	25%
Year 3	30%	15%

- Qualifications include:
  - Customer must sign a 5-year contract.
  - The load factor of the entire facility, including expansion must be at least 40%.
  - The project must be competitive.

Indiana

- AEP - Indiana Michigan Power offers a billing demand credit of up to $11.00/kilowatt for qualified new and expanding businesses.
- Customers can choose how they receive the EDR benefit for up to 60 consecutive months,and are allowed a 12-month start-up period.

	Inclining Bill Credit	Levelized Bill Credit	Declining Bill Credit
Year 1	$7.15	$11.00	$14.85
Year 2	$9.35	$11.00	$12.65
Year 3	$11.00	$11.00	$11.00
Year 4	$12.65	$11.00	$9.35
Year 5	$14.85	$11.00	$7.15

All billing credits are per kVA or kW.

- Qualifications include:
  - New customers require billing demand of 500 kW/kVA or more. Existing customers must increase their billing demand by 500 kW/kVA or more.
  - The business must add 10 additional FTE <u>OR</u> invest $1 million in capital improvements.
  - The project must be competitive.
  - The project must also receive support from local, state or workforce economic development agencies.

Kentucky

- AEP – Kentucky Power offers reductions in billing demand charges of up to 50% depending on the length of the contract.
- Customers can contract for service for a period of up to 10 years, with the EDR discount period representing half of the contract length. For example, the billing demand discount for a 10-year contract is:

	Demand Charge Reduction
Year 1	50%
Year 2	40%
Year 3	30%
Year 4	20%
Year 5	10%

- Qualifications include:
  - New customers require billing demand of 500 kW/kVA or more. Existing customers must increase their billing demand by 500 kW/kVA or more.
  - The project must be competitive.
  - In addition, a supplemental demand discount of up to 5% may be available for customers who create and sustain 50 or more new jobs.
  - Creating and sustaining at least 25 new jobs may qualify for a reduced supplemental demand discount.

Louisiana

- AEP – SWEPCO offers a 3-year demand charge reduction based on the level of job creation. The maximum demand charge reduction benefit, for projects over 1 MW that create more than 31 jobs, is 40% in year 1, 30% in year 2 and 20% in year 3.

FTE Added	4-19	20-30	31 or More
Year 1	30%	35%	40%
Year 2	20%	25%	30%
Year 3	10%	15%	20%

- Qualifications include:
  - New customers must have load over 1MW. Existing customers whose existing load is up to 20MW must add 1 MW and existing customers with load over 20MW must increase existing load by 5%.
  - Eligible industries include manufacturing, warehousing & distribution, research & development, and corporate relocations.
  - Customer must contract for a minimum of 5 years of service.

Project must be competitive and the EDR is a deciding factor in the site location process.

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Michigan

- AEP - Indiana Michigan Power's EDR, based on actual demand and load factor criteria, can provide a billing demand credit up to $12.00 per kilowatt for a period of up to 60 consecutive months.
- Customers can choose how they receive the EDR benefit,and are allowed a 12-month start-up period.

	Inclining Bill Credit	Levelized Bill Credit	Declining Bill Credit
Year 1	$7.80	$12.00	$16.20
Year 2	$10.20	$12.00	$13.80
Year 3	$12.00	$12.00	$12.00
Year 4	$13.80	$12.00	$10.20
Year 5	$16.20	$12.00	$7.80

All billing credits are per kVA or kW.

- Qualifications include:
  - New or existing customers must add at least 300kW of new load.
  - Project must receive an incentive from a state or local organization.
  - Project must be competitive and the EDR is a deciding factor in the site location process.

Ohio

- Ohio is a deregulated energy state.
- Customers of investor-owned utilities, including AEP Ohio, have the option to shop generation supply from a competitive retail energy supplier.
- This can allow businesses to potentially lower their rate and gain access to customized programs like renewables and load management.
- AEP Ohio would provide reliable service as your local utility company.

Oklahoma

- AEP – PSO's Economic Development Rate (EDR) offers a 3-year credit on the demand charge. The EDR is available for new and expanding industrial and commercial facilities that meet certain project parameters.

	PSO EDR (Tier 1) 15 to 99 Jobs	PSO EDR (Tier 2) > 99 Jobs
Year 1	30% Demand Credit	35% Demand Credit
Year 2	20% Demand Credit	25% Demand Credit
Year 3	10% Demand Credit	15% Demand Credit
After Year 3	0% Credit	0% Credit

- Qualifications include:
  - Create a minimum of 15 new jobs; Additional credit if more than 99 new jobs.
  - Add 1000 kW or more
  - Have been offered other economic development incentives
  - The customer must demonstrate to the Company's satisfaction that, absent the availability of this rate schedule, the qualifying new or increased load would be located outside of the Company's service area, or would not be placed in service due to poor operating economics.
  - Available to companies whose product or service is not primarily sold direct to local retail market.
  - Project must be competitive and the EDR is a deciding factor in the site location process.

- AEP – PSO's Wind and Solar Manufacturers Rate is available to customers that manufacture products that contribute to the supply of wind and solar energy equipment.
- The customer's billing demand charges will be reduced 30% from the otherwise applicable tariff for a period of three years.

- Qualifications include:
  - New or added load of more than 100 kW.
  - Customer must attest the Wind and Solar Manufacturers Rate is a deciding factor in the decision to locate or expand.

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Texas

- The EDR is available in our AEP – SWEPCO Texas service territory. There is no EDR in AEP Texas, which operates in the deregulated ERCOT market.
- Incentives vary, with the maximum benefit of a 3-year demand charge reduction of 50% in year 1, 40% in year 2 and 30% in year 3 for projects over 1MW and that create more than 31 jobs.

FTE Added	4-19	20 or More
Year 1	40%	50%
Year 2	30%	40%
Year 3	20%	30%

- Qualifications include:
  - Customer must sign a 5-year contract.
  - The load factor of the entire facility, including expansion must be at least 40%.
  - The project must be competitive.

Virginia

- Our AEP – Appalachian Power standard EDR provides a 25% reduction in your demand charge for the first five years of operation.
- Additional incentives are available for qualifying urban and brownfield redevelopment projects.

- Qualifications include:
  - New customers must have load over 1MW. Existing customers must increase billing demand by at least 1MW over a 2-year period preceding the EDR application.
  - Project must add new jobs.
  - Customer must contract for a minimum of 5 years of service.
  - Project must be competitive and the EDR is a deciding factor in the site location process.

West Virginia

- AEP – Appalachian Power incentives are calculated based on the qualifying incremental billing demand, the on-peak base rate demand charge and a reduction factor.
- Typically, electric service costs are reduced by roughly 15% for a period of 5 years.

- Qualifications include:
  - New customers must have billing demand of 500 kW or more. Existing customers must increase billing demand by at least 500 kW over a 2-year period preceding the EDR application.
  - Project must add at least 10 FTE jobs or have capital investment over $2.5 million.
  - Customer must contract for a minimum of 5 years of service.

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