



The Next Generation Energy Company: Transforming to Enhance the Customer Experience

Robert P. Powers

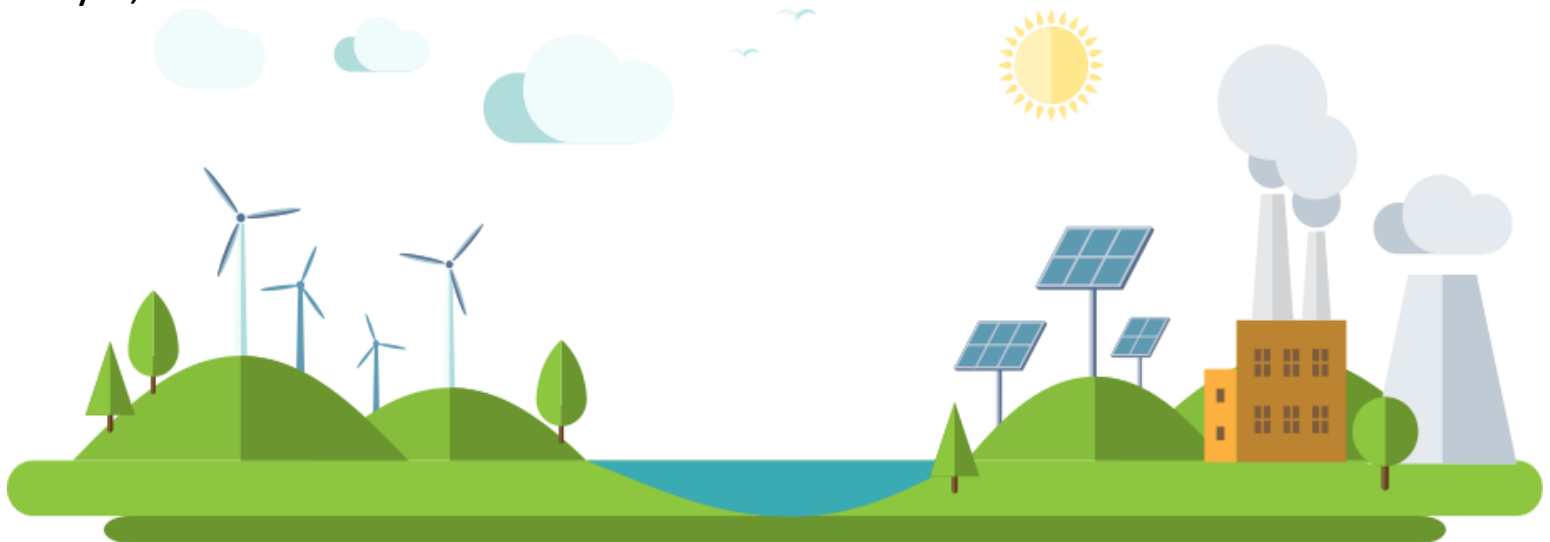
Executive Vice President & Chief Operating Officer

American Electric Power

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40,000+

Miles of Transmission

5.4M

Customers in 11 States

32GW

Owned Generation

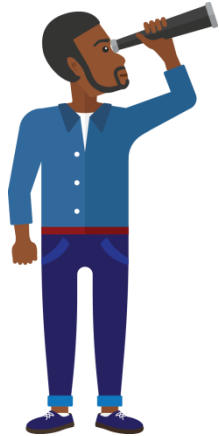
\$31B

Current Market Capitalization

\$62B

Total Assets

Vision of Path to the Future is Impaired by Formidable Obstacles



We think we can see clearly the Utility of the Future...



...but when we look more closely, it's not completely clear how we get there

Strategically, that future includes a renewed emphasis on the customer experience



- Driven by customer & stakeholder desire for cleaner, more efficient energy resources
- Improving reliability/resiliency
- Transforming our generation fleet: greener, more modular, less capital at risk
- Delivering the smart energy technologies and services our customers want

But speed bumps impede the journey

- Not all stakeholders want or can afford the same solution
- Regulatory paradigms are all over the map
- Resilient grids cost \$\$\$\$: Willingness to pay???
- Transforming the generation fleet: Balancing diversity and shareholder risk
- Smart energy technologies: gimmicks or “killer apps”?

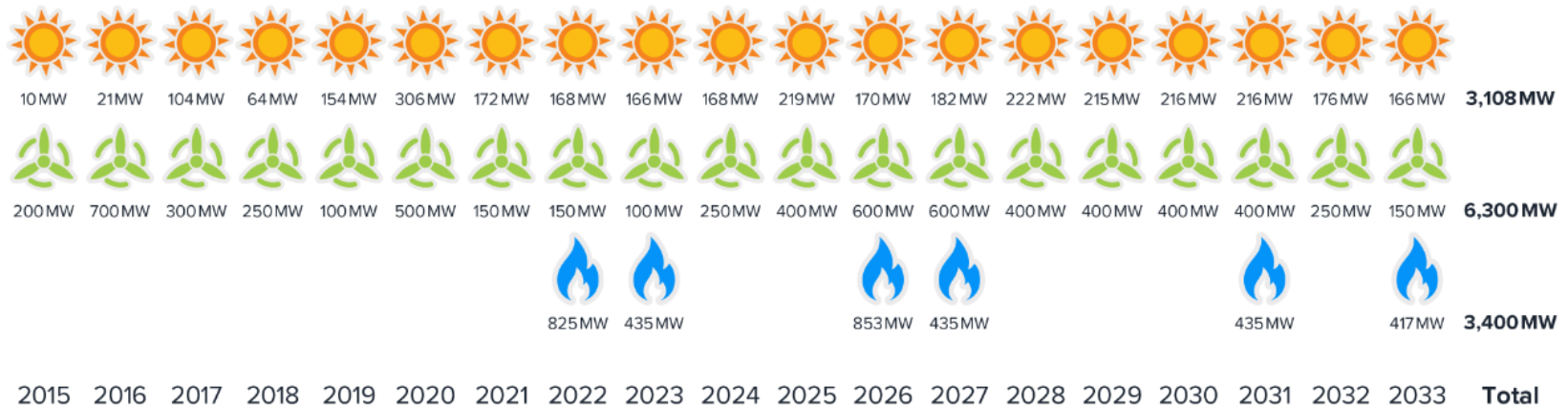


Not every state is California!!!

Our 2016 Integrated Resources Plan

AEP SYSTEM PLANNED GENERATION RESOURCE ADDITIONS

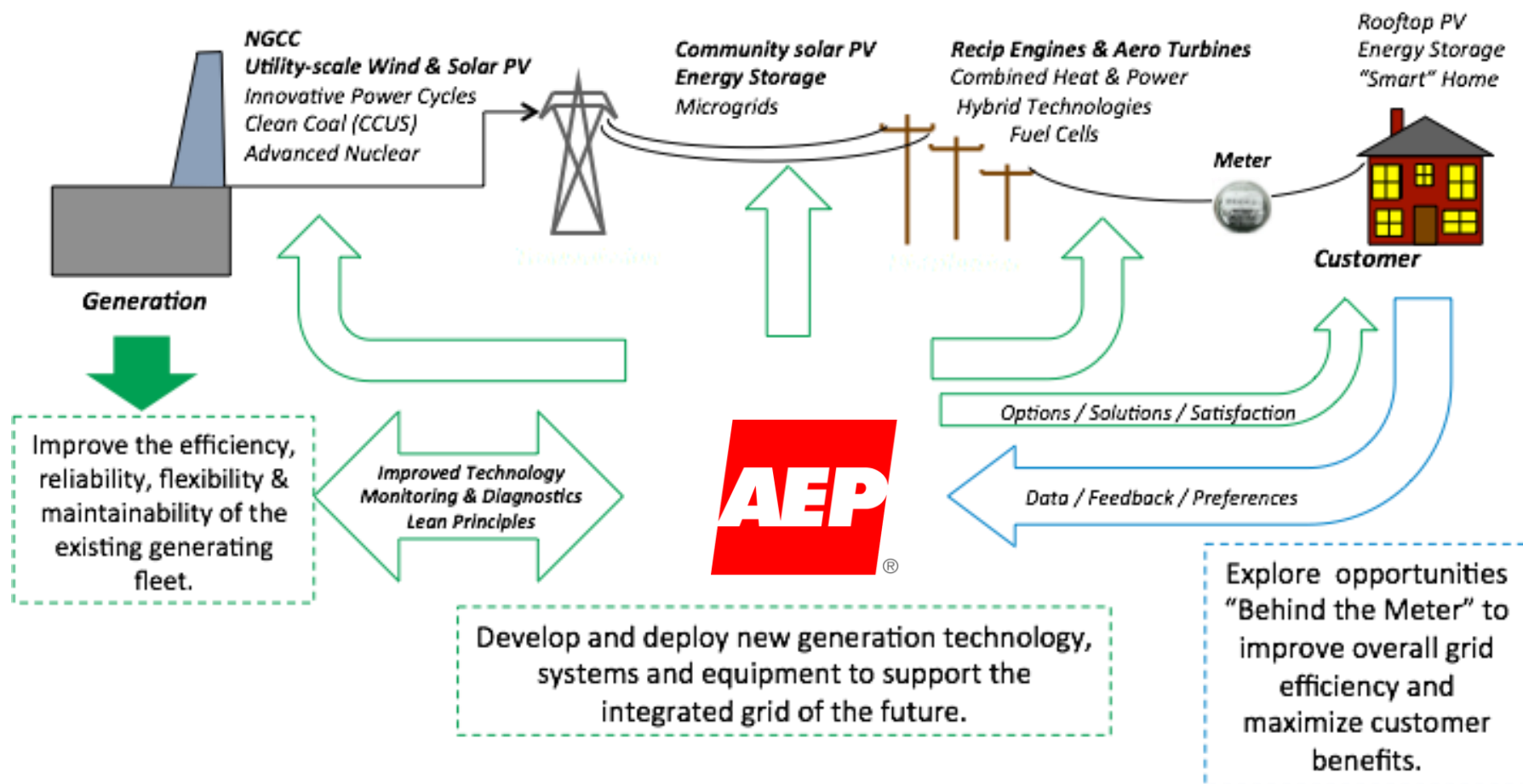
regulated and AEP Ohio Purchase Power Agreement



Source: Current Internal Integrated Resource Plan. Does not reflect ITC/PTC extension or Bonus Depreciation.

Wind and solar represents nameplate MW capacity.

AEP Technology Development



Developing Unique Products and Services

Today

Universal
Tariff Based
Electric Service

Unique
Customer
Offerings

Energy
Supply

Competitor
Offerings

Developing

Custom Products & Services

- Energy Analytics
- Energy Marketing
- RTO Services
- Energy Delivery / Quality
- Energy Conservation
- Energy Efficiency
- Distributed Generation
- Energy Control
- Energy Procurement

Initiatives

- Solar and Storage
- Behind-the-Meter Technologies
- Volt Var Optimization
- Demand Management Platform (Pilots)
- Virtual Power Plant
- EV Charging Stations
- Fuel Cells
- Combined Heat & Power
- Biogas / Alternative Fuels

Grid Modernization

- BOLD™
- gridSMART®
- Asset Health
- Two-way Telecommunications



Customer

- Changes how we think about, serve and market to customers
- Supports meaningful dialog with regulators and stakeholders regarding tariff flexibility/changes, customer response requirements (i.e. “getting the rules right”)
- Establishes a 360° view of the customer that ties together initiatives to improve the customer experience
- Informs decisions regarding the design and viability of new consumer programs

Potential value: Significant customer satisfaction, program development and supported tariff changes



Operational Excellence

- Sustain continuous improvements by utilizing data and models to determine optimal cost and performance profile
- Optimize workforce staffing models (i.e., use of contractors)

Potential value: Cost savings and cost avoidance



Grid

- Improve reliability and reduce risk
- Further analyze smart grid data

Potential value: Incremental revenues, cost savings & avoidance, improved customer satisfaction

- Build a foundation for the ‘Next Generation Energy Company’
- Extend the reach of insight to the enterprise
- Utilize current partnership with IBM to grow internal expertise

Rebranding / Customer Outreach



- Advertisements
- Focus Groups
- Rebranding Review
- Economic Development



ACTIVATE OUTAGE ALERTS AT
AEPOHIO.COM
OUTAGE ALERTS CAN BE
TEXT MESSAGES OR EMAILS
TO UPDATE YOU ON YOUR OUTAGE STATUS

Continuous Improvement / Lean Management

- Combination of the \$ impact of transformative capital
- And....low load growth
- Balancing investments with customers ability to pay and investors demand for annual earnings growth

