



An AEP Company

PEAKADVISORYSM SERVICE FOR PLC MANAGEMENT

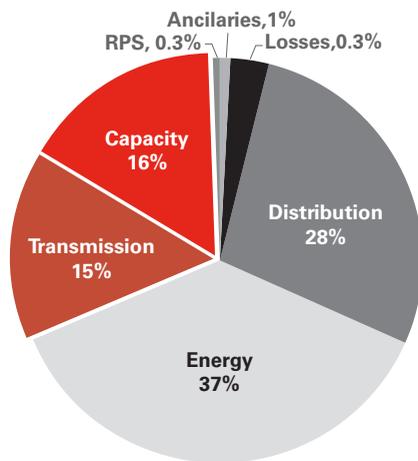
Take advantage of AEP Energy's complimentary service to customers to help manage and reduce your demand-based costs, such as capacity. AEP Energy's PeakAdvisorySM Service for Peak Load Contribution (PLC) Management, informs you of likely PLC setting hours in the PJM region so that you may choose to activate your organization's applicable load curtailment strategies. By successfully curtailing your load when energy reduction notices are issued, you will likely reduce your PLC for the next planning year, thus decreasing your overall capacity costs. Now is the time to consider what steps you can take to manage your PLC to reduce next year's capacity costs.

How is my capacity cost calculated?

Capacity is a demand-based cost component of your supply cost. PJM, the Regional Transmission Operator (RTO), is responsible for ensuring reliability, which is called capacity. Although PJM controls rates associated with capacity, you do have some control over your PLC.

- Annual demand obligation for capacity is based on your individual PLC.
- Your PLC for a planning year (June 1 through May 31) is determined by your local utility based on your organization's average demand during the five highest demand hours called Coincident Peak or 5CP hours for the entire PJM system during the summer months.
- Annual capacity costs are driven by the rate, forecast pool requirements, and zonal scaling factors all published by PJM, your PLC and the number of days of the year.

Energy Supply Cost Components:



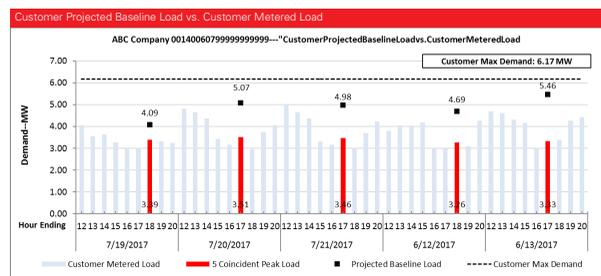
Indicative, for display purposes only.

Qualifications and Benefits:

- Complimentary service for AEP Energy Commercial and Industrial customers
- Customer with pass-through capacity charge products may receive benefits of service
- Customers must have interval (hourly) meter(s)
- You control whether to reduce your energy load during a predicted event
- Potentially reduce next planning year's capacity cost for your business
- Receive a customized PLC Management performance report - see a snapshot of a sample report below

| SCP Days and Hours (HE EPT) | Customer Metered Load (MW) | Customer Projected Baseline (MW) | Difference (MW) (Metered Load - Projected Load) |
|-----------------------------|----------------------------|----------------------------------|---|
| 7/19/2017 (18:00) | 3.39 | 4.09 | 0.70 |
| 7/20/2017 (17:00) | 3.51 | 5.07 | 1.56 |
| 7/21/2017 (17:00) | 3.46 | 4.98 | 1.52 |
| 6/12/2017 (18:00) | 3.26 | 4.69 | 1.44 |
| 6/13/2017 (17:00) | 3.33 | 5.46 | 2.14 |
| Average (MW) | 3.39 | 4.86 | 1.47 |

Customer Projected Baseline is defined as Customer's Expected Load without any Load Management activity



| Customer Savings Due to Curtailment | | |
|--------------------------------------|-----------|--|
| 2018/19 Capacity Rate (\$/MW-day) | \$211.92 | Customer's daily cost per MW of Load from June 1, 2018 to May 31, 2019, as determined by PJM auction |
| Customer Baseline PLC (2018/19) (MW) | 5.41 | The customer's Projected PLC if there had been no load management activity. Adjusted by a utility scaling factor to account for losses. |
| Customer Actual PLC (MW) | 3.71 | Customer's Actual PLC, which is based on Average Peak Load adjusted by a utility scaling factor to account for losses. (This factor has been estimated and might vary based on utility methodology.) |
| Customer PLC Difference (MW) | 1.70 | Difference between Customer Baseline and Actual PLC |
| Baseline Capacity Cost | \$388,633 | Customer costs for capacity based on the Projected Baseline PLC, Capacity Rate, and utility/RTO scaling factors |
| Actual (forecasted) Capacity Cost | \$272,536 | Customer costs for capacity based on the Actual PLC, Capacity Rate, and utility/RTO scaling factors |
| PLC Management Service Savings | \$116,097 | Savings associated with Load Management activity; the difference between Baseline capacity costs and Actual (forecasted) capacity costs |

BOUNDLESS ENERGYSM

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PEAKADVISORYSM SERVICE FOR PLC MANAGEMENT

How does it work?

Red and Yellow PeakAdvisorySM for PLC Management:

AEP Energy will send your business an energy reduction notice alerting you of a probable peak setting hour. The highest level of confidence of a peak setting hour is red, followed by a yellow PeakAdvisory. If you respond only to red PeakAdvisory energy reduction notices, you may miss one or more of the 5CP hours due to the decreased frequency of notices. However, if you respond to all yellow PeakAdvisory energy reduction notices, the confidence of hitting all 5CP hours increases, although the frequency of these notifications will correspondingly increase.

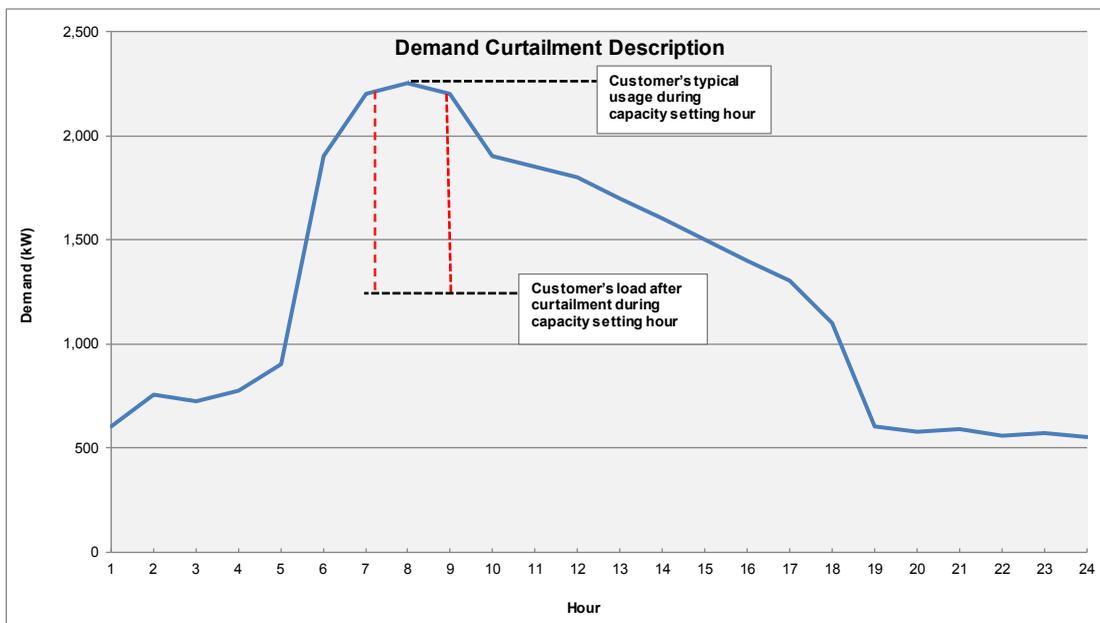
- AEP Energy will forecast probable CP events.
- AEP Energy may notify your business in advance of each forecasted event; the day before, and the day of, an event. These notifications will likely be issued by 12:00PM EPT one business day before the

forecasted event and a confirmation notification by 12:00 EPT on the day of the event.

- Two confidence levels of energy reduction notices to reduce the peak demand may be provided; Red and Yellow

Red PeakAdvisory: *Extremely High probability* that Forecasted Hour Ending load will set a system peak

Yellow PeakAdvisory: *High probability* that Forecasted Hour Ending load will set a system peak



Please be aware that AEP Energy makes no guarantee that such hour(s) will be PLC setting hour(s) or regarding the accuracy, timeliness, suitability, completeness, freedom from error, or value of any information herein. The information presented herein and in alert notifications is provided "as is", "as available", and for informational and illustrative purposes only. The analysis is based on forecasted information (including assumptions, estimations, and then-currently available information) and as such, is subject to risks, uncertainties, contingencies, fluctuating market conditions, and other factors (including factors beyond AEP Energy's control) that may cause actual results to differ materially from expectations. No information herein should be construed as advice or a recommendation. For and in consideration of the gratuitous nature of this information and future alert notifications, access to which is being provided at no cost, you assume the entire risk related to your use of any information presented herein, and whether or how you utilize any such information is entirely your responsibility. AEP Energy disclaims any and all liabilities and warranties of whatever kind or nature related hereto, including any obligation to update or correct the information provided herein.