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KPOW-10311

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Room on April 27, 2022 at 1:37 p.m.

VIA EMAIL (tpuc.docketroom@tn.gov) & FEDEX

Dr. Kenneth C. Hill, Chairman
c/o Ectory Lawless, Dockets & Records Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243

Re: IN RE: PETITION OF KINGSFORT POWER
COMPANY d/b/a AEP APPALACHIAN POWER
FOR A GENERAL RATE CASE
DOCKET NO.: 21-00107

Dear Chairman Hill:

On behalf of Kingsport Power Company d/b/a AEP Appalachian Power, we transmit for filing
Rebuttal Testimony for the following:

A. Wayne Allen
William K. Castle
Jessica M. Criss
Eleanor K. Keeton
Vanessa Y. Oren
Katharine Walsh
Michael H. Ward

The originals and four copies are being sent by overnight delivery.

Should you have any questions, please do not hesitate to contact the undersigned.

Very sincerely yours,

HUNTER, SMITH & DAVIS, LLP



William C. Bovender

Enclosure: As stated

cc: David Foster (w/enc.)
Monica L. Smith-Ashford, Esq. (w/enc.)
Michael J. Quinan, Esq. (w/enc.)
Vance L. Broemel (w/enc.)
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**REBUTTAL TESTIMONY OF
VANESSA YVONNE OREN
ON BEHALF OF KINGSPORT POWER COMPANY
D/B/A AEP APPALACHIAN POWER
BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
DOCKET NO. 21-00107**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Vanessa Yvonne Oren, and my business address is 1 Riverside Plaza,
3 Columbus, OH 43215.

4 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY**

5 A. I am employed by American Electric Power Service Corporation (AEPSC) a wholly
6 owned subsidiary of American Electric Power Company, Inc. (AEP) as an Executive
7 Compensation Consultant, Sr. AEPSC provides engineering, accounting, planning,
8 advisory and other services to AEP and its subsidiaries, one of which is Kingsport Power
9 Company (KgPCo or the Company).

10 **Q. DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL**
11 **EXPERIENCE.**

12 A. I received my Bachelor of Arts in Criminology with a minor in Sociology from The Ohio
13 State University in 2005 and my Master of Science in Psychology from Kaplan
14 University in 2015. I worked for NetJets, Inc. from 2002-2011 in several positions that
15 include Compensation and Benefits Administrator (2006-2008), Workers' Compensation
16 Administrator (2008-2009) and Compensation and 401K Analyst (2009 – 2011). From
17 2011 – 2013 I worked as a Benefits and HRIS Analyst for Online Computer Library
18 Center. From 2013 – 2015 I worked as a Compensation Analyst for Express and from
19 2015 – 2018 I worked as a Compensation Consultant and Executive Compensation

1 Consultant for The Ohio State University. In July 2018 I began working at AEPSC as an
2 Executive Compensation Consultant, Sr.

3 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

4 A. Yes, I am sponsoring the following exhibits:

- 5 • KgPCo Rebuttal Exhibit No. 1 (VYO) – Target TCC vs Market for Technical,
6 Craft & Clerical Positions_KgPCo 6.30.21
- 7 • KgPCo Rebuttal Exhibit No. 2 (VYO) – Target TCC vs Market for Nonexempt
8 Salaried Positions_KgPCo 6.30.21
- 9 • KgPCo Rebuttal Exhibit No. 3 (VYO) – Target TCC vs Market for Exempt Non-
10 Managerial Positions_KgPCo 6.30.21
- 11 • KgPCo Rebuttal Exhibit No. 4 (VYO) – Target TCC vs Executive
12 Positions_KgPCo 6.30.21

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

14 A. My rebuttal testimony responds to the disallowances of short-term (annual) incentive
15 compensation and long-term incentive (LTI) compensation, and Supplemental Excess
16 Retirement Plan (SERP) proposed by Consumer Advocate Unit (Consumer Advocate)
17 witness Alex Bradley. I will show that the compensation AEPSC and KgPCo offers to
18 employees is both reasonable and market-competitive in total, inclusive of the annual and
19 long-term incentive compensation components. I will also demonstrate that offering
20 market-competitive total compensation, inclusive of the incentive compensation
21 components, or additional base pay to replace this incentive compensation, is necessary
22 to attract and retain the suitably skilled and qualified employees needed to provide
23 service to customers efficiently and effectively. I will also show that AEPSC and KgPCo
24 incentive compensation is not based solely on financial performance.

25 I will also address Consumer Advocate witness Bradley's concerns with SERP
26 expense. I will demonstrate that a SERP plan is a reasonable and appropriate component

1 of a market-competitive benefits package and is necessary to attract and retain suitable
2 qualified employees for the same reasons that market-competitive total compensation is
3 necessary.

4 Finally, I will rebut Consumer Advocate Witness Dittmore's concern with the
5 severance expense for certain executive positions.

6 **Q. WHAT ARE THE CONSUMER ADVOCATE WITNESSES PROPOSING IN**
7 **THEIR TESTIMONY?**

8 A. Consumer Advocate witness Bradley has proposed that 100% of annual and long-term
9 incentive compensation for both AEPSC and Kingsport employees, as well as SERP
10 expense, be removed from cost of service. Consumer Advocate witness Dittmore has
11 proposed removing severance expense related to 3 executives from the Company's cost
12 of service.

13 **Q. IS CONSUMER ADVOCATE WITNESS BRADLEY'S PROPOSAL TO REMOVE**
14 **100 PERCENT OF ANNUAL INCENTIVE COMPENSATION APPROPRIATE?¹**

15 A. No, it is not appropriate for two main reasons. First, AEPSC and KgPCo provide annual
16 incentive compensation as an integral component of a reasonable and market-competitive
17 total compensation package that is necessary to attract and retain the qualified employees
18 needed to effectively provide reliable service to customers at a reasonable cost. As
19 demonstrated in KgPCo Exhibit No. 1 (VYO) through KgPCo Exhibit No. 4 (VYO),
20 external market compensation surveys show that the total compensation offered by
21 AEPSC and KgPCO to current and prospective employees for their services, which

¹ Public Direct Testimony of Alex Bradley (Bradley) on behalf of the Consumer Advocate Unit in the Financial Division of the Tennessee Attorney General's Office (Consumer Advocate), March 30, 2022, page 6, lines 7-10.

1 includes the target level of annual incentive compensation requested in the Company's
2 cost of service in this case, is market competitive. In fact, these exhibits show that
3 without the value that annual incentive compensation provides, the total compensation
4 that AEPSC and KgPCo offers to employees would be below a market competitive range
5 for each type of position. If AEPSC and KgPCo were to offer less than market-
6 competitive total compensation to employees, it would lead to increased turnover,
7 increased time to fill open positions, increased hiring and training expense and reduced
8 operational efficiency and effectiveness. Therefore, the provision of market-competitive
9 compensation is necessary to continue to provide efficient, reliable, and safe service to
10 KgPCo customers.

11 Second, the performance measures in AEPSC's and KgPCo's annual incentive
12 plans are neither based solely upon financial metrics nor determinantal to customers'
13 interests, as Consumer Advocate witness Bradley suggests or implies. Rather, annual
14 incentive compensation is a powerful tool for promoting strong cost control and
15 encouraging every employee to use Company resources efficiently, which directly
16 benefits customers by reducing the cost of providing reliable electric service. Financial
17 performance measures also benefit customers by balancing their interest and the interests
18 of other KgPCo stakeholders with those of employees. Paying completely fixed
19 compensation to employees, in lieu of some level of variable compensation tied to
20 performance, would force shareholders and ultimately customers to absorb the risk of
21 changing revenues due to economic volatility.

1 **Q. WHAT PERFORMANCE METRICS ARE INCLUDED IN THE ANNUAL**
2 **INCENTIVE PLAN?**

3 A. The performance score for each AEP business unit and operating company relative to its
4 annual incentive goals determines the award payout for that group from the available
5 funding (described in the following paragraph below). For 2021, the goals for KgPCo
6 consisted of 35% Workforce goals, 45% Customer & Operational Excellence Goals and
7 20% Financial Goals. It should be noted that individual KgPCo and AEPSC employees,
8 other than physical and craft positions, are awarded annual incentive compensation based
9 upon their individual performance from the pool of available annual incentive dollars. It
10 is also important to distinguish between how annual incentive compensation is earned
11 and how it is funded. This is an important distinction that Mr. Bradley either glossed
12 over or misunderstood.

13 For 2021 and 2022, the funding for annual incentive compensation was based
14 upon a balanced scorecard of operating objectives with a mix of AEP Operating Earnings
15 (60%), Safety and Compliance (10%) and Strategic Initiatives (30%). This same mix
16 was originally established as the funding goals for 2020 as well but that was subsequently
17 changed to 100% operating earnings per share due to the unknown financial impact of the
18 COVID-19 pandemic.

19 Having the corporate funding plan in place with financial and operational
20 measures protects all stakeholders, including customers, by ensuring that sufficient
21 financial resources are available to meet commitments to customers and other
22 stakeholders before setting aside annual incentive compensation for employees.

Furthermore, the requested cost of service includes only the target level of short-term annual incentive compensation. Shareholders already have borne and will continue to bear the burden of above target payouts, which have averaged substantially above target in the past decade. Figure VYO-1 shows that the score was above target nine of the past ten years.

ICP Performance Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
AEP Funding Score	1.51 4	1.62 9	1.82 7	1.91	1.70 5	0.92	1.44 9	1.72 3	1.56 9	1.34 1

Q. WHAT ADJUSTMENT HAS CONSUMER ADVOCATE WITNESS BRADLEY RECOMMENDED REGARDING STOCK-BASED OR LTI COMPENSATION?

A. Mr. Bradley has recommended that long-term incentives be excluded from the cost of service for customers².

Q. IS THIS ADJUSTMENT APPROPRIATE?

A. No. As is with annual incentive compensation, LTI compensation is another component of the market-competitive total compensation AEP offers to employees for their work in eligible positions. Exhibit No. 4 (VYO) – Target TCC vs Executive Positions_KgPCo 6.30.21 shows that LTI compensation is an essential component of market competitive compensation for the executive positions included in this analysis. Market-competitive compensation is necessary to attract and retain qualified employees for the many LTI eligible positions the Company needs to provide service to customers efficiently and effectively. LTI compensation also encourages participants to make sound, long-term

² Bradley, page 13, lines 16-17.

1 decisions and provides management retention and continuity, which benefits all
2 stakeholders, including customers.

3 AEP provides long-term incentive compensation to employees in positions for
4 which third-party market survey data indicates that total compensation is sufficient to
5 warrant a long-term incentive component, which currently includes about 1,300
6 management and high-level individual contributor positions annually. Such a large
7 number of participants clearly shows that this type of compensation is not limited to
8 “director or executive level”³ positions as Mr. Bradley incorrectly states. These positions
9 often have historical and experiential knowledge and often assist in creating and
10 implementing the vision of how customers are best served both now and in the future.

11 As with annual incentive compensation, the performance metrics to which the
12 performance share portion of LTI compensation is tied provide substantial benefits to
13 customers. The earnings measure strongly encourages cost control, which directly
14 benefits customers. Customers also benefit from the high-performance culture that both
15 annual incentive and LTI compensation foster.

16 KgPCo has requested the target level of long-term incentive compensation be
17 included in its cost of service. If performance exceeds target on average, as has been the
18 case by a substantial margin for all recent periods, then shareholders would pay the cost
19 of the above target portion of this compensation.

³ Bradley, p. 13, line 7.

Figure VYO-2 shows the historical above target average performance for LTI compensation.

Performance Period	AEP LTI Award Score
2010-2012	0.997
2011-2013	1.188
2012-2014	1.478
2013-2015	1.763
2014-2016	1.639
2015-2017	1.648
2016-2018	1.367
2017-2019	1.327
2018-2020	1.282
2019-2021	1.029

LTI compensation also provides a retention incentive to participants, which benefits customers by improving the retention of employees with greater experience in roles that have long-term decision-making responsibility. This improves the continuity of operations, which reduces costs for customers.

AEP provides LTI compensation to employees in the form of performance units (75%) and restricted stock units (25%), both of which are denominated in AEP shares to reflect the risk and time-value of money of this type of compensation. The performance shares are tied to an earnings measure (Operating EPS) (50%), a total shareholder return (TSR) measure (40%) and a zero-carbon generation capacity measure (10%). Tying a portion of compensation for participants to long-term measures of financial performance, specifically the EPS and TSR performance share measures, encourages better long-term decision making and financial discipline, which benefits customers by encouraging cost control and sound long-term investments. Customers benefit from efficient, effective,

1 and consistent operations; suitably skilled, experienced, knowledgeable, and stable
2 employees in management and other leadership positions; better long-term decision-
3 making; and strong financial discipline, all of which contributes to lower costs for
4 customers.

5 Maintaining long-term financial discipline is imperative, particularly given the
6 long-term nature of the assets that comprise the Company's electric system. The EPS
7 and TSR performance share measures communicate this imperative and strongly
8 encourage its pursuit, which promotes expense control, efficient operations, and
9 conservation of resources. This directly benefits customers by reducing the cost of
10 service and rates compared to what they would otherwise be.

11 Furthermore, 25% of LTI it is provided in the form of RSUs, which do not have
12 any performance measures whatsoever, financial, or otherwise. Instead of creating a
13 performance incentive for participants, RSUs provide a retention incentive that fosters
14 management continuity as part of a market-competitive total compensation package.
15 An additional 10% of the performance shares (7.5% of LTI expense) is tied to a Zero
16 Carbon Generating Capacity objective, which is not a financial measure. The non-
17 emitting generation capacity measure benefits customers and the communities KgPCo
18 serves by encouraging, over a longer-term period, the addition of renewable generation to
19 the grid. This reduces greenhouse gas emissions and has the added benefit of improving
20 perceptions of AEP and KgPCo in the eyes of customers, investors, the public, and
21 potential recruits, all of which may lead to reduced costs for customers as the result of
22 improved customer interactions and increased interest from investors and potential

1 recruits. Removing all LTI compensation from the cost of service, therefore, would be
2 inappropriate because of the benefits it provides to customers.

3 **Q. DO YOU HAVE ANY OTHER CONCERNS?**

4 A. Yes. As with annual incentive compensation, customers are receiving and will continue
5 to receive benefits from the suitably skilled and experienced employees who were and are
6 attracted, retained, and engaged in their work from LTI payouts as well as from the
7 accumulated value of incentivized achievements that have occurred over the many years
8 the LTI program has been in place. It would be unreasonable and unjust for shareholders
9 to pay the cost of performance improvements derived from annual incentive and LTI
10 compensation when those benefits, both the current accumulated value and future
11 additions, inure to customers through this and previous rate case proceedings.

12 **Q. WHAT ADJUSTMENT HAS CONSUMER ADVOCATE WITNESS BRADLEY**
13 **REQUESTED REGARDING SERP EXPENSE?**

14 A. Witness Bradley has proposed that SERP expenses be excluded in their entirety⁴.

15 **Q. PLEASE EXPLAIN SERP BENEFITS.**

16 SERP plans provide benefits outside of the limits imposed on ERISA-qualified defined
17 benefit pension plans. Such plans are commonly referred to as Supplemental Excess
18 Retirement Plans or "SERPs", but the word "Excess" in its name is sometimes replaced
19 with "Executive" or "Employee." AEP provides SERP benefits to employees using the
20 same formulas as are used under its ERISA-qualified retirement plan, except that the
21 compensation limits imposed on the ERISA qualified plan are not taken into account and

⁴ Bradly page 9, lines 1-2.

1 the value of non-qualified benefits is reduced by the value of qualified benefits so that the
2 SERP plan does not provide duplicate benefits and only provides benefits to the extent
3 the qualified plan's benefits are subject to the tax limitations. In this way, AEP's SERP
4 provides benefits that would be provided under the qualified plan formulas but for the tax
5 limits on qualified plans.

6 AEP's non-qualified defined benefit plan also provides contractual benefits that
7 were negotiated with a few executives, nearly all of whom are now retired. No new
8 contractual benefits have been provided in more than a decade.

9 **Q. HOW PREVALENT ARE NON-QUALIFIED DEFINED BENEFIT PENSION**
10 **PLANS?**

11 A. In my experience, most companies that provide ERISA qualified defined benefit pension
12 plans to employees also provide non-qualified restoration SERP plans. Such plans are a
13 prevalent component of total rewards offered by large U.S. utility and industrial
14 companies and are highly prevalent among companies with qualified defined benefit
15 pension plans.

16 **Q. PLEASE EXPLAIN THE RATIONALE OFFERED BY CONSUMER**
17 **ADVOCATE WITNESS BRADLEY FOR HIS RECOMMENDATION TO**
18 **DISALLOW SERP BENEFIT EXPENSE.**

19 A. Mr. Bradley does not provide a rationale for his recommendation, but he does describe
20 SERP benefits as "limited to very highly compensated management or executives who

1 have annual compensation in excess of compensation limits set by the Internal Revenue
2 Service for typical retirement benefits, like pensions.”⁵

3 **Q. DO YOU AGREE WITH THE PROPOSED ELIMINATION OF SERP**
4 **EXPENSE?**

5 A. No, I do not agree. The Company needs employees with scarce experience, knowledge,
6 capabilities, and skills to provide electric service to customers efficiently and effectively.
7 Therefore, it is reasonable, prudent and in customers’ interests to attract and retain such
8 employees. These attributes enable some of these employees to command compensation
9 that exceeds IRS-qualified plan compensation limits. Therefore, the cost associated with
10 attracting and retaining such employees is necessary and prudent if AEPSC and KgPCo
11 are to provide its utility service to customers as efficiently and effectively as possible.
12 Eliminating this benefit without an offsetting increase in some other form of
13 remuneration would have significant negative consequences on AEPSC’s and KgPCo’s
14 ability to attract and retain highly talented employees and this would ultimately have
15 negative impacts on the cost and quality of the service the Company is able to provide to
16 customers.

17 One of the primary reasons for the ERISA limits on qualified plan benefits is to
18 help governments meet their need for current tax revenue. It is arbitrary to use limits
19 established for this purpose for other purposes, such as setting the maximum level of
20 pension expense that is necessary and prudent for the provision of electric service.
21 Utilizing any fixed limit for such a determination is biased against larger companies even
22 if economies of scale enable such companies to be more efficient and, thereby, provide

⁵ Bradley, p. 8, lines 9-11.

1 lower cost and higher quality electric service to customers. This is because more skilled
2 and experienced managers are needed to manage larger companies and these managers
3 command higher compensation in the marketplace, which is more likely to exceed any
4 fixed limit.

5 AEP's non-qualified defined contribution pension benefits have been designed as
6 part of the reasonable and market-competitive total rewards package offered to employees.
7 As such, customers benefit from the provision of these benefits as part of a market-
8 competitive total rewards package in the same way that they benefit from the provision of
9 base pay as part of the same market-competitive package. Without SERP benefits most
10 higher paid employees would be stunned to find that their pension benefit is not based on
11 all their otherwise eligible compensation as it is for lower paid employees due to such an
12 arbitrary limit, and many would demand equivalent value be provided in another form.

13 **Q. IS CONSUMER ADVOCATE WITNESS DITTEMORE'S ADJUSTMENT TO**
14 **EXCLUDE \$86,238 OF SEVERANCE EXPENSE FROM THE COMPANY'S**
15 **COST OF SERVICE APPROPRIATE?⁶**

16 A. No. Mr. Dittmore's recommendation relates to severance paid to three executives.
17 It has long been customary for employers, including employers in Tennessee and the
18 State of Tennessee itself, to provide severance benefits to employees, including
19 executives, whose employment is terminated due to no fault of their own, such as
20 consolidations, restructurings, and downsizings. The provision of severance benefits
21 reduces resistance to such changes and thereby makes it more likely that the need for

⁶ Public Direct Testimony of David Dittmore (Dittmore) on behalf of the Consumer Advocate, March 30, 2022, page 12, lines 19-20.

1 such reductions in force will be timely identified and acted upon. This benefits
2 customers by realizing the financial benefits of such consolidations, restructurings, and
3 downsizings both sooner and to a greater degree than would otherwise be the case, which,
4 over time, tends to more than offset the severance costs. The provision of severance
5 benefits also helps AEPSC and KgPCo attract and retain employees for positions that
6 have a limited or uncertain duration, which is particularly important to support older
7 technologies, facilities reaching the end of their expected life span and projects with
8 uncertain durations. AEPSC's severance benefits also reduce the legal and financial risk
9 associated with such reductions in force because the provision of such benefits is
10 predicated on the severed employee's agreement to release all claims against AEP and its
11 subsidiaries that can legally be released, aside from any retirement, severance, and health
12 benefits to which they are entitled. The need for severance benefits and the financial
13 benefits they produce for the company and its customers are larger for executive
14 positions because of the larger potential risk and lost compensation opportunity
15 associated with such positions as well as the fact that executives may be in the position of
16 taking actions that lead to the elimination of their own position. Eliminating this
17 severance expense from the Company's cost of service for rate making purposes would
18 allocate all the financial benefit achieved by eliminating these positions to customers but
19 none of the costs, which would not be just or reasonable.

20 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 **A.** Yes.

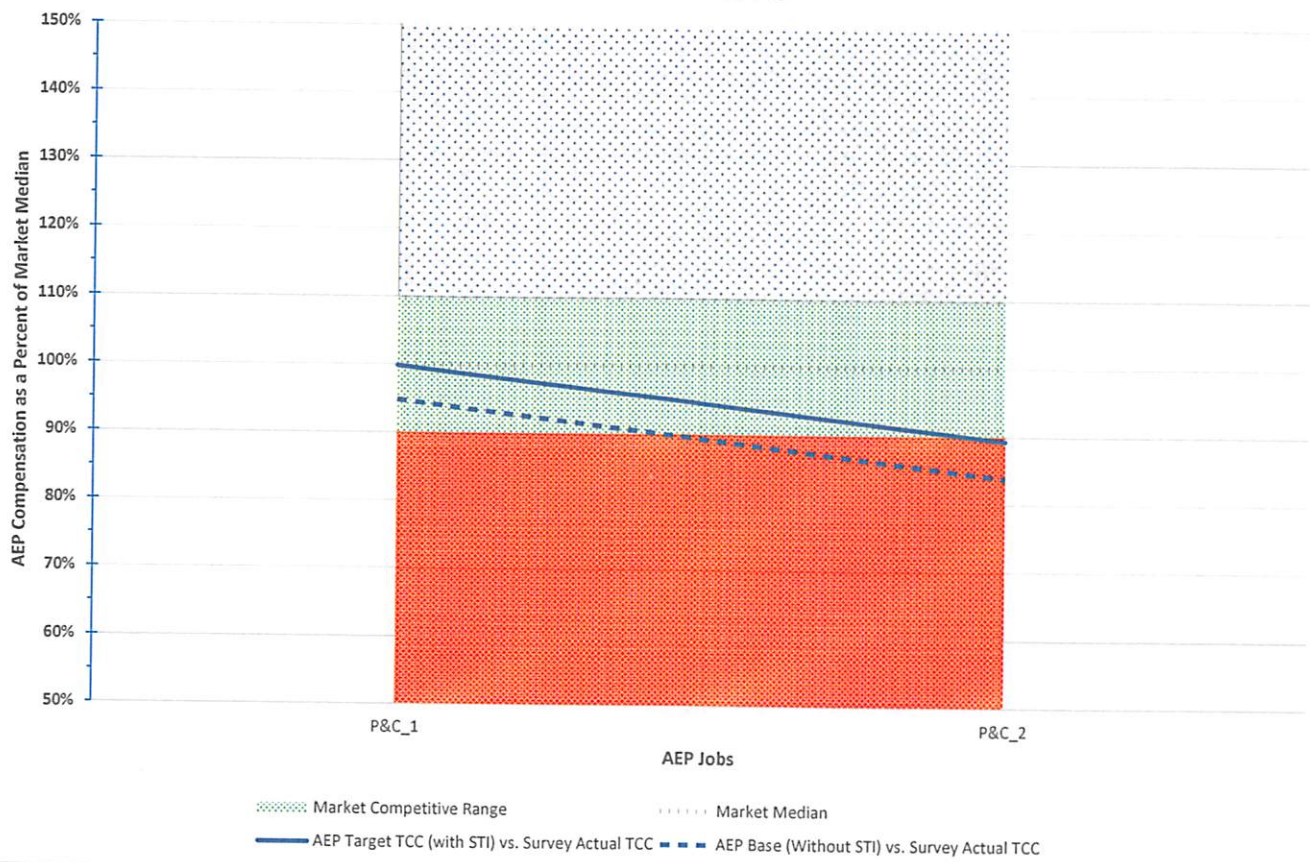
KgPCo Target TCC vs. Physical & Craft positions, Southeast Region

AEP Job	Kingsport Employees	Base ¹	Target Annual Incentive ²	Target TCC	2021 Energy Technical Craft Clerical Survey - WTW (Regional Survey Median)			% Difference	
					Base ³	Actual Incentive	Actual TCC	AEP Target TCC vs. Survey Actual TCC	AEP Base vs. Survey Actual TCC
P&C_1	5	\$93,101	\$4,655	\$97,756	\$87,856	\$10,076	\$97,932	-0.2%	-5.2%
P&C_2	6	\$84,257	\$4,213	\$88,470	\$87,856	\$10,076	\$97,932	-10.7%	-16.2%
Kingsport Total	11								
Average								-5.4%	-10.7%
TOTAL JOB COUNT								2	
TOTAL INCUMBENT COUNT								11	
% of Jobs Above Market Competitive Range ⁴								0.0%	0.0%
% of Jobs Below Market Competitive Range ⁴								50.0%	50.0%

Notes

- (1) As of June 30, 2021
(2) Target payout is 5 percent of base earnings for all physical and craft jobs
(3) Annualized from April 1, 2021 to June 30, 2021 @ 2.5% salary growth rate
(4) A market competitive range of +/- 10 percent has been used for all physical and craft positions

KgPCo Physical and Craft Positions
vs. Market-Competitive Compensation (High to Low)
With and Without STI



KgPCo Target TCC NonExempt positions Versus Market Survey

		AEP Incumbent Data			Survey Results ¹			% Difference	
Rate case job identifier	Employee Count	Avg Base	Target Incentive (2)	Target TCC	Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
<u>Kingsport Power Company</u>									
Kingsport_NE1	9	\$47,140	\$2,357	\$49,497	\$47,022	\$472	\$47,494	4.2%	-0.7%
Kingsport_NE2	21	\$56,601	\$3,396	\$59,997	\$56,309	\$714	\$57,023	5.2%	-0.7%
Kingsport Count	2								
Kingsport Incumbents	30								
<u>AEP SERVICE CORP</u>									
SVC_NE1	3	\$46,948	\$2,347	\$49,295	\$52,081	\$1,581	\$53,662	-8.1%	-12.5%
SVC_NE2	5	\$53,469	\$3,208	\$56,678	\$56,458	\$2,721	\$59,179	-4.2%	-9.6%
SVC_NE3	22	\$46,554	\$2,328	\$48,882	\$45,486	\$382	\$45,868	6.6%	1.5%
SVC_NE4	80	\$57,840	\$3,470	\$61,311	\$54,359	\$729	\$55,088	11.3%	5.0%
SVC_NE5	10	\$52,869	\$3,172	\$56,041	\$55,528	\$1,047	\$56,575	-0.9%	-6.6%
SVC_NE6	7	\$47,512	\$2,376	\$49,887	\$48,194	\$2,985	\$51,179	-2.5%	-7.2%
SVC_NE7	3	\$55,863	\$3,352	\$59,215	\$62,929	\$44	\$62,973	-6.0%	-11.3%
SVC_NE8	256	\$46,454	\$2,323	\$48,777	\$41,950	\$2,472	\$44,422	9.8%	4.6%
SVC_NE9	26	\$56,671	\$3,400	\$60,071	\$63,148	\$4,117	\$67,265	-10.7%	-15.8%
SVC_NE10	3	\$50,060	\$2,503	\$52,563	\$54,402	\$3,098	\$57,500	-8.6%	-12.9%
SVC_NE11	79	\$91,300	\$9,130	\$100,430	\$92,072	\$7,592	\$99,664	0.8%	-8.4%
SVC_NE12	38	\$67,207	\$5,377	\$72,583	\$74,207	\$5,030	\$79,237	-8.4%	-15.2%
SVC_NE13	3	\$38,108	\$1,905	\$40,013	\$35,306	\$612	\$35,918	11.4%	6.1%
SVC_NE14	3	\$55,724	\$3,343	\$59,067	\$43,302	\$913	\$44,215	33.6%	26.0%
SVC_NE15	5	\$60,096	\$4,808	\$64,904	\$67,529	\$3,942	\$71,471	-9.2%	-15.9%
SVC_NE16	3	\$54,055	\$3,243	\$57,298	\$55,344	\$1,231	\$56,575	1.3%	-4.5%
SVC_NE17	7	\$48,447	\$2,907	\$51,354	\$58,881	\$1,571	\$60,452	-15.1%	-19.9%
SVC_NE18	7	\$50,728	\$2,536	\$53,264	\$45,297	\$5,478	\$50,775	4.9%	-0.1%
SVC_NE19	5	\$91,264	\$9,126	\$100,390	\$83,028	\$0	\$83,028	20.9%	9.9%
SVC_NE20	8	\$81,380	\$7,324	\$88,704	\$72,757	\$0	\$72,757	21.9%	11.9%
SVC_NE21	4	\$67,632	\$5,411	\$73,042	\$74,804	\$1,368	\$76,172	-4.1%	-11.2%
SVC_NE22	5	\$63,129	\$5,050	\$68,179	\$69,167	\$1,654	\$70,821	-3.7%	-10.9%
SVC_NE23	13	\$100,275	\$10,028	\$110,303	\$100,163	\$5,274	\$105,437	4.6%	-4.9%
SVC_NE24	5	\$77,943	\$7,015	\$84,958	\$76,350	\$4,827	\$81,177	4.7%	-4.0%
SVC_NE25	4	\$60,354	\$4,828	\$65,182	\$63,148	\$4,117	\$67,265	-3.1%	-10.3%
SVC_NE26	6	\$88,245	\$8,825	\$97,070	\$92,072	\$7,592	\$99,664	-2.6%	-11.5%
SVC_NE27	10	\$75,998	\$6,840	\$82,838	\$74,207	\$5,030	\$79,237	4.5%	-4.1%
SVC_NE28	5	\$56,597	\$3,396	\$59,993	\$58,881	\$1,571	\$60,452	-0.8%	-6.4%
SVC_NE29	5	\$83,872	\$7,548	\$91,420	\$72,757	\$0	\$72,757	25.7%	15.3%
SVC_NE30	10	\$68,779	\$5,502	\$74,281	\$74,804	\$1,368	\$76,172	-2.5%	-9.7%
SVC_NE31	3	\$36,603	\$1,830	\$38,434	\$34,805	\$376	\$35,181	9.2%	4.0%
AEPSC Job Count	31								
AEPSC Incumbent Count	643								
TOTAL JOB COUNT	33				AVERAGE			2.7%	-3.9%
TOTAL INCUMBENT Count	673				% of Jobs Above Market Competitive Range ³			18%	9%
					% of Jobs Below Market Competitive Range ³			6%	33%

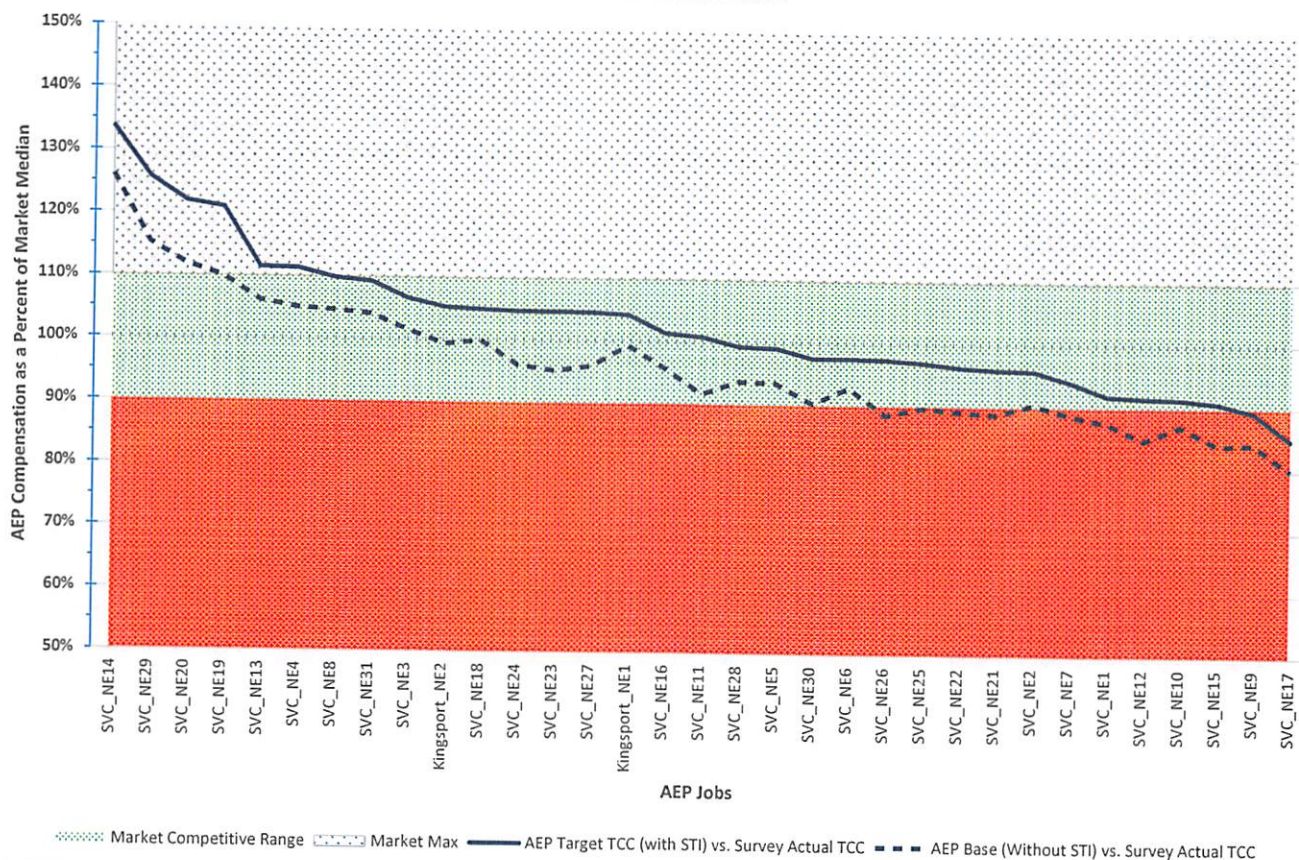
Notes:

(1) Survey Data from April 2021 Towers Watson Energy Services Middle Management & Professional Survey and Towers Watson General Industry Middle Management & Professional Survey, aged to June 30, 2021 at 3% annual rate.

(2) Reflects annual target incentive.

(3) A market competitive range of +/- 10 percent has been used for these salaried nonexempt positions

KgPCo and AEPSC Salaried Nonexempt Positions vs. Market-Competitive Compensation (High to Low) With and Without STI



KgPCo Target TCC vs. Market for Exempt Positions

Rate case job identifier	Employee Count	AEP Incumbent Data		
		Avg Base	Target Incentive ⁽²⁾	Target TCC

Kingsport Power Co

No positions with 3 or more incumbents

Kingsport Count 0
Kingsport Incumbents 0

AEP SERVICE CORP

SVC_E1	4	\$61,563	\$4,925	\$66,488
SVC_E2	6	\$86,928	\$8,693	\$95,621
SVC_E3	9	\$73,471	\$6,612	\$80,084
SVC_E4	7	\$123,553	\$18,533	\$142,086
SVC_E5	7	\$149,787	\$29,957	\$179,745
SVC_E6	9	\$112,082	\$11,208	\$123,290
SVC_E7	4	\$91,369	\$9,137	\$100,506
SVC_E8	3	\$142,567	\$21,385	\$163,952
SVC_E9	3	\$105,039	\$10,504	\$115,543
SVC_E10	3	\$115,333	\$11,533	\$126,867
SVC_E11	5	\$75,460	\$6,791	\$82,251
SVC_E12	11	\$87,618	\$8,762	\$96,380
SVC_E13	14	\$118,357	\$17,754	\$136,111
SVC_E14	3	\$137,267	\$27,453	\$164,720
SVC_E15	5	\$94,635	\$9,464	\$104,099
SVC_E16	5	\$73,250	\$6,593	\$79,843
SVC_E17	7	\$110,318	\$11,032	\$121,350
SVC_E18	3	\$106,111	\$10,611	\$116,722
SVC_E19	4	\$65,226	\$5,218	\$70,444
SVC_E20	3	\$143,339	\$28,668	\$172,007
SVC_E21	4	\$70,143	\$5,611	\$75,754
SVC_E22	4	\$59,317	\$3,559	\$62,876
SVC_E23	3	\$97,380	\$9,738	\$107,118
SVC_E24	3	\$95,733	\$9,573	\$105,307
SVC_E25	10	\$124,010	\$18,602	\$142,612
SVC_E26	8	\$145,837	\$29,167	\$175,004
SVC_E27	4	\$99,005	\$9,900	\$108,905
SVC_E28	8	\$128,932	\$19,340	\$148,272
SVC_E29	3	\$71,186	\$6,407	\$77,593
SVC_E30	6	\$73,112	\$5,849	\$78,961
SVC_E31	4	\$102,683	\$10,268	\$112,952
SVC_E32	3	\$83,901	\$7,551	\$91,452
SVC_E33	3	\$96,151	\$9,615	\$105,766
SVC_E34	3	\$91,769	\$9,177	\$100,946
SVC_E35	4	\$86,686	\$8,669	\$95,355
SVC_E36	3	\$153,317	\$30,663	\$183,981
SVC_E37	5	\$64,202	\$5,136	\$69,338
SVC_E38	3	\$52,310	\$3,139	\$55,449
SVC_E39	14	\$113,385	\$11,339	\$124,724
SVC_E40	21	\$88,091	\$8,809	\$96,901
SVC_E41	3	\$109,024	\$16,354	\$125,378
SVC_E42	4	\$64,526	\$5,162	\$69,688
SVC_E43	6	\$56,284	\$3,377	\$59,661
SVC_E44	15	\$72,692	\$6,542	\$79,234
SVC_E45	16	\$98,999	\$9,900	\$108,899
SVC_E46	3	\$124,957	\$18,744	\$143,701
SVC_E47	5	\$83,080	\$8,308	\$91,388
SVC_E48	5	\$69,308	\$6,238	\$75,545
SVC_E49	3	\$125,045	\$18,757	\$143,802
SVC_E50	3	\$107,343	\$10,734	\$118,077
SVC_E51	5	\$61,413	\$4,913	\$66,326
SVC_E52	4	\$176,865	\$44,216	\$221,081
SVC_E53	5	\$190,720	\$47,680	\$238,400

Survey Results ¹			% Difference	
Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC

AVERAGE

\$70,273	\$4,767	\$75,040	-11.40%	-17.96%
\$106,023	\$12,312	\$118,335	-19.19%	-26.54%
\$89,246	\$7,607	\$96,853	-17.31%	-24.14%
\$123,396	\$19,680	\$143,076	-0.69%	-13.65%
\$160,299	\$32,289	\$192,588	-6.67%	-22.22%
\$111,507	\$11,607	\$123,114	0.14%	-8.96%
\$90,476	\$3,967	\$94,443	6.42%	-3.26%
\$132,933	\$10,757	\$143,690	14.10%	-0.78%
\$112,929	\$7,267	\$120,196	-3.87%	-12.61%
\$110,340	\$6,579	\$116,919	8.51%	-1.36%
\$70,518	\$2,065	\$72,583	13.32%	3.96%
\$90,666	\$3,382	\$94,048	2.48%	-6.84%
\$118,168	\$13,951	\$132,119	3.02%	-10.42%
\$134,230	\$23,564	\$157,794	4.39%	-13.01%
\$86,600	\$3,945	\$90,545	14.97%	4.52%
\$70,518	\$1,088	\$71,606	11.50%	2.30%
\$99,696	\$2,040	\$101,736	19.28%	8.44%
\$105,201	\$9,144	\$114,345	2.08%	-7.20%
\$70,518	\$0	\$70,518	-0.11%	-7.50%
\$159,286	\$21,608	\$180,894	-4.91%	-20.76%
\$69,245	\$3,110	\$72,355	4.70%	-3.06%
\$56,955	\$1,711	\$58,666	7.18%	1.11%
\$87,261	\$4,600	\$91,861	16.61%	6.01%
\$99,531	\$3,990	\$103,521	1.72%	-7.52%
\$124,732	\$10,516	\$135,248	5.44%	-8.31%
\$151,120	\$18,426	\$169,546	3.22%	-13.98%
\$94,932	\$2,935	\$97,867	11.28%	1.16%
\$142,154	\$7,101	\$149,255	-0.66%	-13.62%
\$71,027	\$4,363	\$75,390	2.92%	-5.58%
\$61,503	\$4,434	\$65,937	19.75%	10.88%
\$98,684	\$7,359	\$106,043	6.51%	-3.17%
\$84,836	\$3,769	\$88,605	3.21%	-5.31%
\$77,890	\$5,114	\$83,004	27.42%	15.84%
\$120,888	\$4,195	\$125,083	-19.30%	-26.63%
\$83,614	\$1,914	\$85,528	11.49%	1.35%
\$133,325	\$27,597	\$160,922	14.33%	-4.73%
\$71,156	\$2,149	\$73,305	-5.41%	-12.42%
\$57,973	\$1,300	\$59,273	-6.45%	-11.75%
\$112,807	\$5,677	\$118,484	5.27%	-4.30%
\$87,169	\$2,266	\$89,435	8.35%	-1.50%
\$130,845	\$14,138	\$144,983	-13.52%	-24.80%
\$62,908	\$195	\$63,103	10.44%	2.26%
\$52,930	\$267	\$53,197	12.15%	5.80%
\$57,235	\$4,108	\$61,343	29.17%	18.50%
\$87,644	\$8,917	\$96,561	12.78%	2.52%
\$132,221	\$10,970	\$143,191	0.36%	-12.73%
\$75,152	\$3,957	\$79,109	15.52%	5.02%
\$63,081	\$2,400	\$65,481	15.37%	5.84%
\$129,596	\$13,982	\$143,578	0.16%	-12.91%
\$95,924	\$7,342	\$103,266	14.34%	3.95%
\$62,114	\$1,881	\$63,995	3.64%	-4.03%
\$195,878	\$50,341	\$246,219	-10.21%	-28.17%
\$149,278	\$23,755	\$173,033	37.78%	10.22%

Rate case job identifier	Employee Count	AEP Incumbent Data		
		Avg Base	Target Incentive ⁽²⁾	Target TCC
SVC_E54	4	\$168,743	\$42,186	\$210,929
SVC_E55	5	\$194,945	\$58,484	\$253,429
SVC_E56	3	\$93,626	\$9,363	\$102,989
SVC_E57	3	\$132,500	\$26,500	\$159,000
SVC_E58	24	\$88,459	\$8,846	\$97,305
SVC_E59	8	\$69,649	\$5,572	\$75,221
SVC_E60	12	\$125,844	\$18,877	\$144,720
SVC_E61	13	\$105,831	\$10,583	\$116,414
SVC_E62	5	\$53,365	\$3,202	\$56,567
SVC_E63	3	\$164,595	\$32,919	\$197,514
SVC_E64	6	\$124,939	\$18,741	\$143,680
SVC_E65	121	\$78,864	\$7,098	\$85,962
SVC_E66	54	\$72,510	\$5,801	\$78,311
SVC_E67	111	\$126,228	\$18,934	\$145,163
SVC_E68	198	\$104,213	\$10,421	\$114,634
SVC_E69	45	\$148,466	\$29,693	\$178,160
SVC_E70	22	\$78,281	\$7,045	\$85,327
SVC_E71	7	\$71,587	\$5,727	\$77,314
SVC_E72	40	\$102,752	\$10,275	\$113,027
SVC_E73	5	\$84,372	\$8,437	\$92,810
SVC_E74	4	\$71,822	\$6,464	\$78,286
SVC_E75	12	\$121,644	\$18,247	\$139,891
SVC_E76	7	\$101,232	\$10,123	\$111,355
SVC_E77	6	\$122,254	\$18,338	\$140,592
SVC_E78	6	\$98,595	\$9,860	\$108,455
SVC_E79	12	\$127,168	\$19,075	\$146,243
SVC_E80	10	\$99,438	\$9,944	\$109,381
SVC_E81	6	\$87,275	\$8,728	\$96,003
SVC_E82	16	\$69,005	\$5,520	\$74,525
SVC_E83	4	\$88,975	\$8,008	\$96,983
SVC_E84	4	\$102,059	\$10,206	\$112,265
SVC_E85	13	\$106,647	\$10,665	\$117,311
SVC_E86	9	\$84,240	\$8,424	\$92,664
SVC_E87	8	\$130,883	\$19,632	\$150,515
SVC_E88	3	\$93,658	\$9,366	\$103,024
SVC_E89	3	\$129,517	\$25,903	\$155,420
SVC_E90	4	\$147,547	\$29,509	\$177,056
SVC_E91	3	\$115,798	\$11,580	\$127,377
SVC_E92	9	\$76,169	\$6,855	\$83,024
SVC_E93	9	\$63,573	\$5,086	\$68,659
SVC_E94	13	\$95,243	\$9,524	\$104,767
SVC_E95	10	\$115,780	\$11,578	\$127,357
SVC_E96	9	\$96,798	\$9,680	\$106,478
SVC_E97	13	\$106,576	\$10,658	\$117,233
SVC_E98	4	\$108,096	\$10,810	\$118,906
SVC_E99	4	\$73,984	\$6,659	\$80,642
SVC_E100	5	\$89,499	\$8,950	\$98,448
SVC_E101	12	\$85,127	\$8,513	\$93,640
SVC_E102	10	\$67,011	\$5,361	\$72,372
SVC_E103	9	\$104,034	\$10,403	\$114,438
SVC_E104	6	\$153,576	\$30,715	\$184,291
SVC_E105	6	\$122,022	\$12,202	\$134,224
SVC_E106	5	\$91,688	\$9,169	\$100,857
SVC_E107	3	\$112,706	\$16,906	\$129,612
SVC_E108	25	\$135,424	\$20,314	\$155,737
SVC_E109	18	\$115,903	\$11,590	\$127,494
SVC_E110	7	\$74,470	\$6,702	\$81,173
SVC_E111	8	\$63,488	\$5,079	\$68,567
SVC_E112	27	\$114,140	\$11,414	\$125,553
SVC_E113	21	\$130,599	\$19,590	\$150,189
SVC_E114	14	\$101,064	\$10,106	\$111,170
SVC_E115	12	\$134,891	\$20,234	\$155,125
SVC_E116	3	\$155,761	\$31,152	\$186,913

Survey Results ¹			% Difference	
Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
\$170,907	\$33,346	\$204,253	3.27%	-17.39%
\$202,714	\$56,590	\$259,304	-2.27%	-24.82%
\$99,531	\$3,990	\$103,521	-0.51%	-9.56%
\$140,350	\$18,742	\$159,092	-0.06%	-16.71%
\$86,298	\$9,458	\$95,756	1.62%	-7.62%
\$72,533	\$5,219	\$77,752	-3.25%	-10.42%
\$132,666	\$12,268	\$144,934	-0.15%	-13.17%
\$109,329	\$10,661	\$119,990	-2.98%	-11.80%
\$58,036	\$1,407	\$59,443	-4.84%	-10.22%
\$153,467	\$29,092	\$182,559	8.19%	-9.84%
\$127,090	\$20,385	\$147,475	-2.57%	-15.28%
\$83,630	\$2,699	\$86,329	-0.43%	-8.65%
\$72,835	\$5,219	\$78,054	0.33%	-7.10%
\$131,202	\$9,820	\$141,022	2.94%	-10.49%
\$102,989	\$4,797	\$107,786	6.35%	-3.32%
\$155,107	\$9,732	\$164,839	8.08%	-9.93%
\$83,630	\$2,699	\$86,329	-1.16%	-9.32%
\$74,344	\$2,420	\$76,764	0.72%	-6.74%
\$102,989	\$4,797	\$107,786	4.86%	-4.67%
\$100,345	\$10,649	\$110,994	-16.38%	-23.98%
\$83,017	\$5,625	\$88,642	-11.68%	-18.98%
\$138,772	\$17,248	\$156,020	-10.34%	-22.03%
\$122,946	\$18,080	\$141,026	-21.04%	-28.22%
\$124,047	\$5,780	\$129,827	8.29%	-5.83%
\$100,740	\$4,702	\$105,442	2.86%	-6.49%
\$139,437	\$1,807	\$141,244	3.54%	-9.97%
\$107,318	\$10,766	\$118,084	-7.37%	-15.79%
\$84,627	\$582	\$85,209	12.67%	2.42%
\$60,524	\$1,120	\$61,644	20.90%	11.94%
\$71,720	\$1,184	\$72,904	33.03%	22.04%
\$110,440	\$7,512	\$117,952	-4.82%	-13.47%
\$113,324	\$7,936	\$121,260	-3.26%	-12.05%
\$91,011	\$4,086	\$95,097	-2.56%	-11.42%
\$130,341	\$11,321	\$141,662	6.25%	-7.61%
\$91,795	\$6,789	\$98,584	4.50%	-5.00%
\$135,891	\$21,272	\$157,163	-1.11%	-17.59%
\$163,574	\$25,147	\$188,721	-6.18%	-21.82%
\$117,765	\$15,797	\$133,562	-4.63%	-13.30%
\$78,843	\$2,249	\$81,092	2.38%	-6.07%
\$66,488	\$1,522	\$68,010	0.95%	-6.52%
\$99,531	\$3,990	\$103,521	1.20%	-8.00%
\$123,910	\$7,798	\$131,708	-3.30%	-12.09%
\$99,531	\$3,990	\$103,521	2.86%	-6.49%
\$107,988	\$11,306	\$119,294	-1.73%	-10.66%
\$105,748	\$9,463	\$115,211	3.21%	-6.18%
\$72,319	\$4,520	\$76,839	4.95%	-3.72%
\$87,241	\$8,314	\$95,555	3.03%	-6.34%
\$93,003	\$4,428	\$97,431	-3.89%	-12.63%
\$74,366	\$2,863	\$77,229	-6.29%	-13.23%
\$112,828	\$8,069	\$120,897	-5.34%	-13.95%
\$146,579	\$21,404	\$167,983	9.71%	-8.58%
\$113,008	\$8,682	\$121,690	10.30%	0.27%
\$95,969	\$1,183	\$97,152	3.81%	-5.62%
\$123,354	\$6,300	\$129,654	-0.03%	-13.07%
\$139,757	\$11,739	\$151,496	2.80%	-10.61%
\$116,822	\$6,190	\$123,012	3.64%	-5.78%
\$78,843	\$2,249	\$81,092	0.10%	-8.17%
\$66,488	\$1,522	\$68,010	0.82%	-6.65%
\$123,910	\$7,798	\$131,708	-4.67%	-13.34%
\$151,053	\$13,639	\$164,692	-8.81%	-20.70%
\$99,531	\$3,990	\$103,521	7.39%	-2.37%
\$128,962	\$10,591	\$139,553	11.16%	-3.34%
\$164,864	\$13,974	\$178,838	4.52%	-12.90%

Rate case job identifier	Employee Count	AEP Incumbent Data		
		Avg Base	Target Incentive ⁽²⁾	Target TCC
SVC_E117	22	\$124,903	\$18,736	\$143,639
SVC_E118	50	\$150,635	\$30,127	\$180,762
SVC_E119	3	\$75,675	\$6,811	\$82,485
SVC_E120	20	\$138,350	\$20,752	\$159,102
SVC_E121	21	\$109,656	\$10,966	\$120,622
SVC_E122	3	\$104,839	\$10,484	\$115,322
SVC_E123	4	\$101,906	\$10,191	\$112,096
SVC_E124	15	\$77,557	\$6,980	\$84,537
SVC_E125	11	\$64,689	\$5,175	\$69,865
SVC_E126	53	\$119,456	\$11,946	\$131,402
SVC_E127	4	\$131,406	\$19,711	\$151,117
SVC_E128	23	\$98,889	\$9,889	\$108,778
SVC_E129	12	\$141,216	\$21,182	\$162,398
SVC_E130	21	\$79,786	\$7,181	\$86,967
SVC_E131	7	\$65,555	\$5,244	\$70,800
SVC_E132	28	\$116,537	\$11,654	\$128,191
SVC_E133	20	\$94,878	\$9,488	\$104,366
SVC_E134	6	\$74,342	\$6,691	\$81,033
SVC_E135	3	\$62,101	\$4,968	\$67,069
SVC_E136	16	\$119,080	\$11,908	\$130,988
SVC_E137	8	\$97,877	\$9,788	\$107,665
SVC_E138	3	\$93,850	\$9,385	\$103,235
SVC_E139	4	\$163,363	\$32,673	\$196,035
SVC_E140	3	\$69,346	\$5,548	\$74,893
SVC_E141	3	\$79,082	\$7,117	\$86,199
SVC_E142	3	\$77,110	\$6,940	\$84,050
SVC_E143	3	\$62,755	\$5,020	\$67,775
SVC_E144	3	\$105,975	\$10,598	\$116,573
SVC_E145	4	\$135,687	\$20,353	\$156,040
SVC_E146	8	\$148,018	\$29,604	\$177,621
SVC_E147	4	\$84,199	\$8,420	\$92,619
SVC_E148	4	\$92,912	\$9,291	\$102,203
SVC_E149	3	\$74,769	\$6,729	\$81,498
SVC_E150	5	\$61,191	\$4,895	\$66,086
SVC_E151	6	\$85,524	\$8,552	\$94,076
SVC_E152	45	\$86,807	\$8,681	\$95,488
SVC_E153	8	\$72,649	\$6,538	\$79,187
SVC_E154	6	\$154,384	\$30,877	\$185,260
SVC_E155	26	\$121,809	\$18,271	\$140,081
SVC_E156	44	\$103,385	\$10,339	\$113,724
SVC_E157	6	\$120,949	\$12,095	\$133,043
SVC_E158	4	\$67,893	\$6,789	\$74,682
SVC_E159	6	\$158,010	\$31,602	\$189,613
SVC_E160	3	\$114,086	\$11,409	\$125,495
SVC_E161	3	\$96,385	\$9,638	\$106,023
SVC_E162	4	\$113,037	\$11,304	\$124,340
SVC_E163	12	\$91,494	\$9,149	\$100,643
SVC_E164	3	\$128,229	\$19,234	\$147,464
SVC_E165	6	\$76,596	\$6,894	\$83,490
SVC_E166	5	\$84,427	\$8,443	\$92,870
SVC_E167	8	\$94,019	\$9,402	\$103,421
SVC_E168	4	\$104,688	\$10,469	\$115,157
SVC_E169	5	\$136,907	\$27,381	\$164,288
SVC_E170	6	\$152,977	\$30,595	\$183,573
SVC_E171	3	\$110,633	\$11,063	\$121,696
SVC_E172	3	\$101,885	\$10,189	\$112,074
SVC_E173	5	\$88,178	\$8,818	\$96,996
SVC_E174	5	\$127,891	\$19,184	\$147,074
SVC_E175	9	\$164,221	\$32,844	\$197,065
SVC_E176	11	\$73,563	\$6,621	\$80,184
SVC_E177	9	\$106,450	\$10,645	\$117,095
SVC_E178	9	\$88,995	\$8,900	\$97,895
SVC_E179	7	\$129,431	\$19,415	\$148,846

Survey Results ¹			% Difference	
Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
\$138,013	\$19,556	\$157,569	-8.84%	-20.73%
\$157,234	\$26,429	\$183,663	-1.58%	-17.98%
\$68,182	\$2,155	\$70,337	17.27%	7.59%
\$132,933	\$10,757	\$143,690	10.73%	-3.72%
\$112,929	\$7,267	\$120,196	0.35%	-8.77%
\$101,918	\$5,460	\$107,378	7.40%	-2.36%
\$105,777	\$4,110	\$109,887	2.01%	-7.26%
\$91,761	\$3,026	\$94,787	-10.81%	-18.18%
\$69,410	\$1,714	\$71,124	-1.77%	-9.05%
\$134,403	\$11,550	\$145,953	-9.97%	-18.15%
\$156,150	\$11,037	\$167,187	-9.61%	-21.40%
\$113,440	\$5,916	\$119,356	-8.86%	-17.15%
\$157,989	\$479	\$158,468	2.48%	-10.89%
\$78,181	\$1,992	\$80,173	8.47%	-0.48%
\$64,152	\$674	\$64,826	9.21%	1.12%
\$125,567	\$1,705	\$127,272	0.72%	-8.43%
\$100,007	\$2,569	\$102,576	1.74%	-7.50%
\$91,761	\$3,026	\$94,787	-14.51%	-21.57%
\$69,410	\$1,714	\$71,124	-5.70%	-12.69%
\$134,403	\$11,550	\$145,953	-10.25%	-18.41%
\$113,440	\$5,916	\$119,356	-9.80%	-18.00%
\$84,750	\$3,710	\$88,460	16.70%	6.09%
\$146,647	\$16,107	\$162,754	20.45%	0.37%
\$60,444	\$343	\$60,787	23.21%	14.08%
\$88,805	\$4,013	\$92,818	-7.13%	-14.80%
\$78,843	\$2,249	\$81,092	3.65%	-4.91%
\$66,488	\$1,522	\$68,010	-0.35%	-7.73%
\$123,910	\$7,798	\$131,708	-11.49%	-19.54%
\$120,104	\$14,537	\$134,641	15.89%	0.78%
\$146,385	\$23,511	\$169,896	4.55%	-12.88%
\$98,137	\$9,608	\$107,745	-14.04%	-21.85%
\$115,739	\$12,118	\$127,857	-20.06%	-27.33%
\$78,577	\$5,260	\$83,837	-2.79%	-10.82%
\$62,408	\$1,695	\$64,103	3.09%	-4.54%
\$98,095	\$2,394	\$100,489	-6.38%	-14.89%
\$84,450	\$2,498	\$86,948	9.82%	-0.16%
\$68,811	\$1,714	\$70,525	12.28%	3.01%
\$161,184	\$10,074	\$171,258	8.18%	-9.85%
\$130,962	\$7,753	\$138,715	0.98%	-12.19%
\$111,689	\$5,043	\$116,732	-2.58%	-11.43%
\$111,390	\$2,855	\$114,245	16.45%	5.87%
\$90,975	\$5,302	\$96,277	-22.43%	-29.48%
\$199,286	\$25,297	\$224,583	-15.57%	-29.64%
\$114,055	\$12,201	\$126,256	-0.60%	-9.64%
\$101,885	\$9,386	\$111,271	-4.72%	-13.38%
\$107,318	\$10,766	\$118,084	5.30%	-4.27%
\$102,359	\$12,077	\$114,436	-12.05%	-20.05%
\$124,859	\$11,761	\$136,620	7.94%	-6.14%
\$67,999	\$3,310	\$71,309	17.08%	7.41%
\$89,281	\$6,562	\$95,843	-3.10%	-11.91%
\$95,330	\$7,698	\$103,028	0.38%	-8.74%
\$115,487	\$15,092	\$130,579	-11.81%	-19.83%
\$155,891	\$29,814	\$185,705	-11.53%	-26.28%
\$140,658	\$21,606	\$162,264	13.13%	-5.72%
\$104,491	\$10,798	\$115,289	5.56%	-4.04%
\$107,135	\$15,137	\$122,272	-8.34%	-16.67%
\$89,558	\$2,115	\$91,673	5.81%	-3.81%
\$123,396	\$19,680	\$143,076	2.79%	-10.61%
\$146,385	\$23,511	\$169,896	15.99%	-3.34%
\$76,231	\$6,631	\$82,862	-3.23%	-11.22%
\$122,585	\$15,293	\$137,878	-15.07%	-22.79%
\$97,964	\$8,657	\$106,621	-8.18%	-16.53%
\$141,275	\$20,927	\$162,202	-8.23%	-20.20%

Rate case job identifier	Employee Count	AEP Incumbent Data		
		Avg Base	Target Incentive ⁽²⁾	Target TCC
SVC_E180	3	\$64,516	\$5,161	\$69,678
SVC_E181	23	\$108,474	\$10,847	\$119,321
SVC_E182	39	\$96,261	\$9,626	\$105,887
SVC_E183	8	\$79,042	\$7,114	\$86,156
SVC_E184	8	\$132,667	\$19,900	\$152,567
SVC_E185	3	\$112,032	\$11,203	\$123,235
SVC_E186	3	\$89,191	\$8,919	\$98,110
SVC_E187	3	\$72,170	\$6,495	\$78,665
SVC_E188	9	\$118,983	\$17,847	\$136,830
SVC_E189	13	\$104,803	\$10,480	\$115,283
SVC_E190	3	\$121,577	\$18,237	\$139,814
SVC_E191	4	\$136,917	\$20,538	\$157,454
SVC_E192	3	\$92,714	\$9,271	\$101,985
SVC_E193	3	\$72,984	\$6,569	\$79,553
SVC_E194	11	\$76,434	\$6,879	\$83,313
SVC_E195	11	\$127,741	\$19,161	\$146,902
SVC_E196	13	\$112,766	\$11,277	\$124,043
SVC_E197	9	\$96,079	\$9,608	\$105,687
SVC_E198	11	\$85,705	\$8,570	\$94,275
SVC_E199	18	\$73,850	\$6,646	\$80,496
SVC_E200	16	\$128,714	\$19,307	\$148,021
SVC_E201	28	\$104,289	\$10,429	\$114,718
SVC_E202	4	\$140,607	\$28,121	\$168,728
SVC_E203	6	\$140,187	\$28,037	\$168,225
SVC_E204	6	\$217,528	\$65,258	\$282,786
SVC_E205	3	\$96,580	\$9,658	\$106,238
SVC_E206	5	\$159,487	\$31,897	\$191,385
SVC_E207	12	\$152,456	\$30,491	\$182,948
SVC_E208	18	\$113,962	\$11,396	\$125,359
SVC_E209	4	\$65,104	\$5,208	\$70,312
SVC_E210	6	\$108,846	\$10,885	\$119,730
SVC_E211	6	\$86,247	\$8,625	\$94,872
SVC_E212	3	\$92,689	\$9,269	\$101,958
SVC_E213	8	\$69,384	\$5,551	\$74,935
SVC_E214	9	\$96,231	\$9,623	\$105,854
SVC_E215	8	\$85,979	\$8,598	\$94,577
SVC_E216	4	\$114,704	\$17,206	\$131,910
SVC_E217	3	\$98,827	\$9,883	\$108,710
SVC_E218	3	\$86,119	\$8,612	\$94,731
SVC_E219	3	\$89,969	\$8,997	\$98,966
SVC_E220	4	\$107,303	\$10,730	\$118,033
SVC_E221	5	\$112,121	\$11,212	\$123,333
SVC_E222	12	\$98,468	\$9,847	\$108,315
SVC_E223	8	\$87,511	\$8,751	\$96,262
SVC_E224	5	\$75,439	\$6,790	\$82,229
SVC_E225	6	\$101,938	\$10,194	\$112,131
SVC_E226	3	\$82,287	\$8,229	\$90,516
SVC_E227	9	\$120,166	\$18,025	\$138,191
SVC_E228	5	\$72,457	\$6,521	\$78,979
SVC_E229	7	\$91,106	\$9,111	\$100,216
SVC_E230	4	\$108,653	\$10,865	\$119,518
SVC_E231	6	\$145,097	\$29,019	\$174,117
SVC_E232	31	\$93,276	\$9,328	\$102,604
SVC_E233	12	\$115,978	\$17,397	\$133,375
SVC_E234	18	\$127,520	\$19,128	\$146,648
SVC_E235	9	\$89,265	\$8,926	\$98,191
SVC_E236	6	\$77,385	\$6,965	\$84,350
SVC_E237	20	\$115,478	\$17,322	\$132,799
SVC_E238	25	\$104,949	\$10,495	\$115,444
SVC_E239	5	\$174,086	\$43,521	\$217,607
SVC_E240	9	\$143,276	\$28,655	\$171,931
SVC_E241	19	\$96,436	\$9,644	\$106,080
SVC_E242	9	\$114,195	\$11,420	\$125,615

Survey Results ¹			% Difference	
Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
\$66,326	\$5,153	\$71,479	-2.52%	-9.74%
\$117,845	\$5,962	\$123,807	-3.62%	-12.38%
\$94,174	\$5,453	\$99,627	6.28%	-3.38%
\$74,995	\$1,963	\$76,958	11.95%	2.71%
\$135,015	\$11,087	\$146,102	4.43%	-9.20%
\$123,910	\$7,798	\$131,708	-6.43%	-14.94%
\$95,740	\$8,342	\$104,082	-5.74%	-14.31%
\$90,666	\$90,666	\$89,336	-11.94%	-19.22%
\$138,215	\$14,553	\$152,768	-10.43%	-22.12%
\$123,577	\$8,069	\$131,646	-12.43%	-20.39%
\$138,215	\$14,553	\$152,768	-8.48%	-20.42%
\$139,757	\$11,739	\$151,496	3.93%	-9.62%
\$90,476	\$3,967	\$94,443	7.99%	-1.83%
\$68,182	\$2,155	\$70,337	13.10%	3.76%
\$84,372	\$6,504	\$90,876	-8.32%	-15.89%
\$144,931	\$17,387	\$162,318	-9.50%	-21.30%
\$130,488	\$15,447	\$145,935	-15.00%	-22.73%
\$110,082	\$10,174	\$120,256	-12.11%	-20.10%
\$85,094	\$8,273	\$93,367	0.97%	-8.21%
\$72,414	\$8,053	\$80,467	0.04%	-8.22%
\$135,999	\$19,258	\$155,257	-4.66%	-17.10%
\$106,520	\$12,450	\$118,970	-3.57%	-12.34%
\$131,063	\$32,849	\$163,912	2.94%	-14.22%
\$110,615	\$0	\$110,615	52.08%	26.73%
\$193,069	\$23,795	\$216,864	30.40%	0.31%
\$99,531	\$3,990	\$103,521	2.62%	-6.71%
\$175,139	\$25,733	\$200,872	-4.72%	-20.60%
\$166,037	\$30,607	\$196,644	-6.97%	-22.47%
\$119,553	\$13,418	\$132,971	-5.72%	-14.30%
\$69,245	\$3,110	\$72,355	-2.82%	-10.02%
\$110,440	\$7,512	\$117,952	1.51%	-7.72%
\$87,261	\$4,600	\$91,861	3.28%	-6.11%
\$91,465	\$5,964	\$97,429	4.65%	-4.87%
\$68,503	\$1,264	\$69,767	7.41%	-0.55%
\$111,476	\$4,380	\$115,856	-8.63%	-16.94%
\$88,994	\$3,107	\$92,101	2.69%	-6.65%
\$128,226	\$17,190	\$145,416	-9.29%	-21.12%
\$122,115	\$13,530	\$135,645	-19.86%	-27.14%
\$90,476	\$3,967	\$94,443	0.30%	-8.81%
\$110,469	\$19,725	\$130,194	-23.99%	-30.90%
\$108,848	\$3,008	\$111,856	5.52%	-4.07%
\$107,058	\$5,881	\$112,939	9.20%	-0.72%
\$83,148	\$7,627	\$90,775	19.32%	8.47%
\$90,476	\$3,967	\$94,443	1.93%	-7.34%
\$68,182	\$2,155	\$70,337	16.91%	7.25%
\$112,929	\$7,267	\$120,196	-6.71%	-15.19%
\$85,866	\$6,156	\$92,022	-1.64%	-10.58%
\$122,805	\$17,661	\$140,466	-1.62%	-14.45%
\$70,518	\$1,088	\$71,606	10.30%	1.19%
\$81,471	\$1,346	\$82,817	21.01%	10.01%
\$99,696	\$2,040	\$101,736	17.48%	6.80%
\$166,037	\$30,607	\$196,644	-11.46%	-26.21%
\$103,929	\$9,677	\$113,606	-9.68%	-17.90%
\$144,482	\$21,355	\$165,837	-19.57%	-30.07%
\$130,460	\$18,073	\$148,533	-1.27%	-14.15%
\$108,772	\$4,227	\$112,999	-13.10%	-21.00%
\$84,716	\$6,198	\$90,914	-7.22%	-14.88%
\$130,460	\$18,073	\$148,533	-10.59%	-22.25%
\$115,396	\$14,561	\$129,957	-11.17%	-19.24%
\$182,206	\$35,894	\$218,100	-0.23%	-20.18%
\$147,804	\$23,784	\$171,588	0.20%	-16.50%
\$103,929	\$9,677	\$113,606	-6.62%	-15.11%
\$119,553	\$13,418	\$132,971	-5.53%	-14.12%

Rate case job identifier	Employee Count	AEP Incumbent Data			Survey Results ¹			% Difference	
		Avg Base	Target Incentive ⁽²⁾	Target TCC	Base	Target Incentive	Target TCC	Target TCC vs Survey Target TCC	Base vs Survey Target TCC
SVC_E243	6	\$154,084	\$30,817	\$184,901	\$164,021	\$29,630	\$193,651	-4.52%	-20.43%
SVC_E244	7	\$152,576	\$30,515	\$183,092	\$166,037	\$30,607	\$196,644	-6.89%	-22.41%
SVC_E245	5	\$148,058	\$29,612	\$177,670	\$140,350	\$18,742	\$159,092	11.68%	-6.94%
SVC_E246	3	\$156,453	\$31,291	\$187,744	\$148,415	\$19,423	\$167,838	11.86%	-6.78%
SVC_E247	8	\$147,546	\$29,509	\$177,055	\$175,139	\$25,733	\$200,872	-11.86%	-26.55%
SVC_E248	15	\$74,125	\$6,671	\$80,796	\$78,357	\$5,974	\$84,331	-4.19%	-12.10%
SVC_E249	3	\$112,785	\$11,278	\$124,063	\$115,085	\$15,105	\$130,190	-4.71%	-13.37%
SVC_E250	6	\$83,036	\$8,304	\$91,339	\$95,080	\$8,997	\$104,077	-12.24%	-20.22%
SVC_E251	5	\$117,673	\$17,651	\$135,324	\$135,862	\$16,873	\$152,735	-11.40%	-22.96%
SVC_E252	11	\$142,095	\$28,419	\$170,514	\$129,789	\$29,863	\$159,652	6.80%	-11.00%
SVC_E253	12	\$66,536	\$5,323	\$71,859	\$73,614	\$5,466	\$79,080	-9.13%	-15.86%
SVC_E254	6	\$84,273	\$7,585	\$91,858	\$88,614	\$9,147	\$97,761	-6.04%	-13.80%
SVC_E255	3	\$98,568	\$9,857	\$108,425	\$97,130	\$3,544	\$100,674	7.70%	-2.09%
SVC_E256	5	\$157,335	\$31,467	\$188,802	\$142,213	\$33,156	\$175,369	7.66%	-10.28%
					AVERAGE			1.0%	-9.8%
AEPSC Job Count									
AEPSC Incumbent Count									
TOTAL JOB COUNT									
TOTAL INCUMBENT Count									
					% of Jobs Above Market Competitive Range ⁴			9%	2%
					% of Jobs Below Market Competitive Range ⁴			5%	28%

Notes:

(1) All survey data aged to June 30, 2021 at 3% annual rate

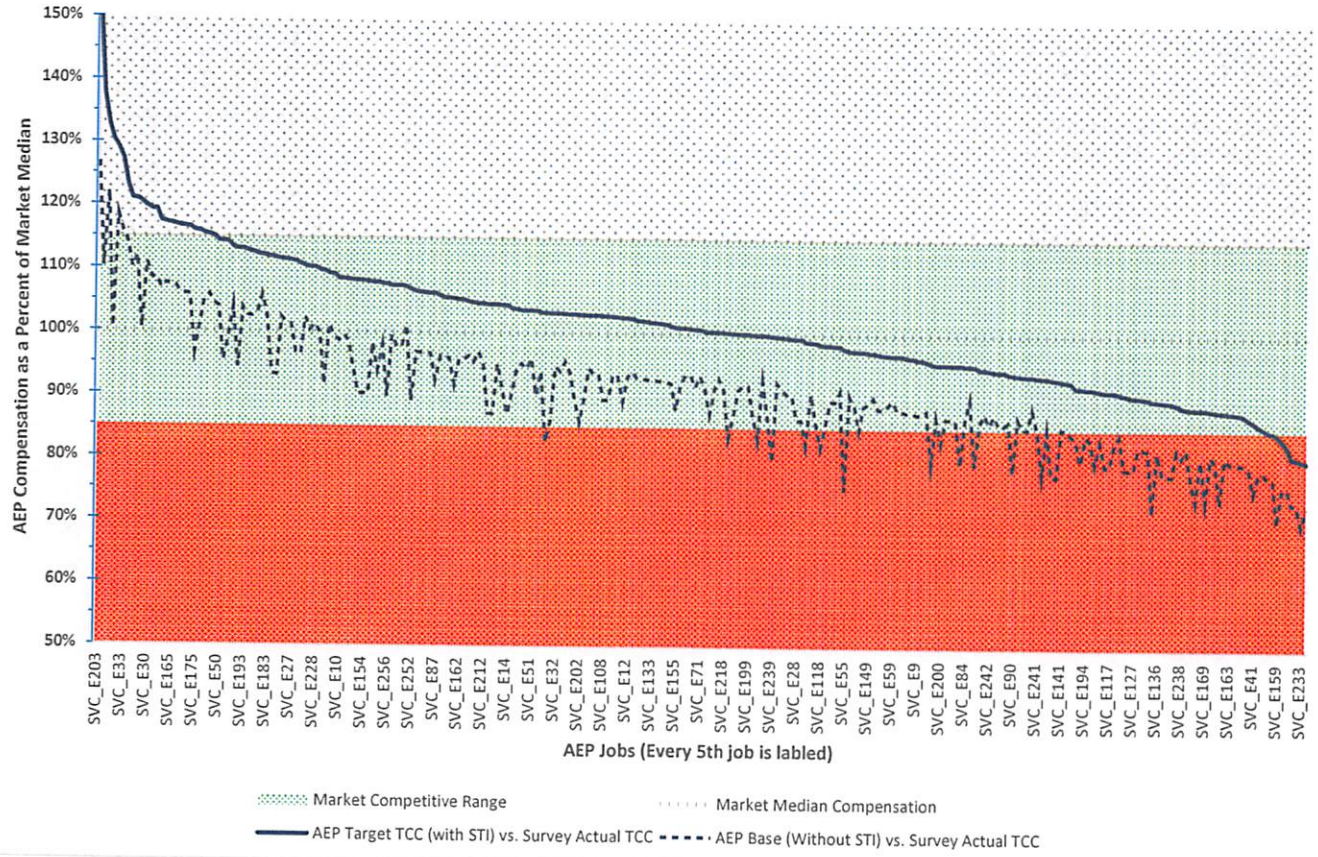
(2) Reflects annual target incentive payout for job

(3) Survey Data from April 2021 Towers Watson Energy Services Middle Management & Professional Survey and Towers Watson General Industry Middle Management & Professional Survey

(4) A market competitive range of +/- 15 percent has been used for all exempt positions

(5) Position matched to April 2019 Energy Technical Craft Clerical Survey 2019, aged to December 31, 2019 aged 2.5% annual

AEPS C Exempt Positions
vs. Market-Competitive Compensation (High to Low)
With and Without STI



KgPCo Target TCC Executive positions Versus Market Survey

AEP Job	AEP Incumbent Data (\$000) ⁽¹⁾						Survey Results (\$000) ⁽²⁾						% Difference AEP Target TC vs Survey Target TC	% Difference AEP Target TCC vs Survey TC	% Difference AEP Base vs Survey TC
	Base Salary	Target STI %	Target STI \$	Target TCC	Target LTI	Target TC	Base	Target STI %	Target STI \$	Target TCC	Target LTI	Target TC			
Chairman, President & CEO	\$1,510,000	140%	\$2,114,000	\$3,624,000	\$9,800,000	\$13,424,000	\$1,316,000	141.0%	\$1,858,000	\$3,174,000	\$8,157,000	\$11,331,000	18.5%	-68.0%	-86.7%
EVP COO ⁽³⁾	\$800,000	85%	\$680,000	\$1,480,000	\$2,400,000	\$3,880,000	\$750,120	93.0%	\$709,920	\$1,460,040	\$2,392,500	\$3,852,540	0.7%	-61.6%	-79.2%
EVP CFO	\$600,000	80%	\$480,000	\$1,080,000	\$1,600,000	\$2,680,000	\$711,000	82.0%	\$585,000	\$1,296,000	\$1,781,000	\$3,057,000	-12.3%	-64.7%	-80.4%
EVP General Counsel&Secretary	\$694,000	75%	\$520,500	\$1,214,500	\$1,500,000	\$2,714,500	\$609,500	83.0%	\$487,700	\$1,097,200	\$1,310,200	\$2,407,400	12.8%	-49.6%	-71.2%
E5	\$528,500	75%	\$396,375	\$924,875	\$900,000	\$1,824,875	\$526,000	53.0%	\$325,400	\$851,400	\$819,600	\$1,671,000	9.2%	-44.7%	-68.4%
E6 ⁽⁴⁾	\$592,000	75%	\$444,000	\$1,036,000	\$900,000	\$1,936,000	\$519,000	78.0%	\$390,000	\$909,000	\$834,100	\$1,743,100	11.1%	-40.6%	-66.0%
E7	\$555,000	80%	\$444,000	\$999,000	\$1,300,000	\$2,299,000	\$548,000	78.0%	\$389,200	\$937,200	\$1,126,740	\$2,063,940	11.4%	-51.6%	-73.1%
E8	\$538,000	80%	\$430,400	\$968,400	\$1,300,000	\$2,268,400	\$548,000	78.0%	\$389,200	\$937,200	\$1,126,740	\$2,063,940	9.9%	-53.1%	-73.9%
E9	\$411,000	50%	\$205,500	\$616,500	\$344,000	\$960,500	\$376,800	40.0%	\$151,100	\$527,900	\$291,100	\$819,000	17.3%	-24.7%	-49.8%
E10	\$350,000	50%	\$175,000	\$525,000	\$344,000	\$869,000	\$390,400	60.0%	\$234,200	\$624,600	\$507,400	\$1,132,000	-23.2%	-53.6%	-69.1%
E11	\$435,000	50%	\$217,500	\$652,500	\$344,000	\$996,500	\$370,900	40.0%	\$166,800	\$537,700	\$321,200	\$858,900	16.0%	-24.0%	-49.4%
E12	\$421,000	50%	\$210,500	\$631,500	\$344,000	\$975,500	\$363,500	50.0%	\$191,000	\$554,500	\$325,500	\$880,000	10.9%	-28.2%	-52.2%
E13	\$380,000	50%	\$190,000	\$570,000	\$344,000	\$914,000	\$364,500	50.0%	\$192,200	\$556,700	\$342,700	\$899,400	1.6%	-36.6%	-57.7%
E14	\$350,000	50%	\$175,000	\$525,000	\$344,000	\$869,000	\$419,400	50.0%	\$211,900	\$631,300	\$383,400	\$1,014,700	-14.4%	-48.3%	-65.5%
E15	\$425,000	58%	\$244,375	\$669,375	\$375,000	\$1,044,375	\$428,100	45.0%	\$207,400	\$635,500	\$369,300	\$1,004,800	3.9%	-33.4%	-57.7%

Notes:

- (1) AEP data as of June 30, 2021
(2) Median AEP Compensation Peer Group data from April 1, 2021 Towers Watson Energy Services Executive Survey or proxy filings (unless otherwise noted), in either case aged to June 30, 2021 at 3% annual rate.
(3) Survey data not available, position benchmarked to 60% of salary, 50% total cash compensation and 30% of total direct compensation of CEO compensation in broad sample of all US industrial companies.
(4) Position benchmarked at 75th percentile
(5) A market competitive range of +/- 15 percent has been used for all executive positions.

KgPCo and AEPSC Executive Positions vs. Market-Competitive Compensation (High to Low) With and Without STI

