

TEXAS RATE REVIEW







On October 13, 2020, Southwestern Electric Power Company (SWEPCO) submitted a request to the Public Utility Commission of Texas (PUCT) to increase the company's base rates. While we understand customers are concerned about rising energy prices, there are costs necessary to build, maintain and operate a strong and reliable electric system for our 187,600 customers in northeast Texas and the Texas Panhandle.

In order to continue providing safe, reliable service to our customers both now and in the future, this proposed rate increase will allow for continuing investments in generation, transmission and distribution facilities, as well as increased operations and maintenance costs. It also includes costs related to generating unit retirements, increased tax costs related to accelerated depreciation, and additional funds for vegetation management.

For a Texas residential customer using 1,000 kilowatt-hours per month, the request would result in an overall bill increase of approximately \$15.71 per month, or 15%. If approved, these new rates will likely go into effect in January 2022.

Base rates refer to the costs of building, maintaining and operating SWEPCO's electric system, including power plants, transmission and distribution lines and facilities to serve customers. Base rates do not include the fuel portion of the customer's bill, which pays for fuel and purchased power and is a pass-through to customers with no profit to the company.

Average Rate Increase by Customer Type

	Residential 15.64%
	Commercial 16.82%
	Industrial 13.28%
	Municipal 5.84%

For additional information about this rate review, please visit us online:

[SWEPCO.com/TexasRateReview](https://www.swepc.com/TexasRateReview)

**SOUTHWESTERN
ELECTRIC POWER
COMPANY**

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Increases for individual customers will vary depending on each customer's usage characteristics.

BASE RATE INCREASE KEY FACTORS



Generating Unit Retirements

SWEPCO's application includes costs related to the recent or upcoming retirement of the following power stations:

- Dolet Hills Power Station (Mansfield, LA)
- Knox Lee Units 2, 3 and 4 (Longview, TX)
- Lieberman Unit 2 (Mooringsport, LA)
- Lone Star Unit 1 (Lone Star, TX)

The natural gas units at Knox Lee, Lieberman and Lone Star have reliably served customers for more than 60 years. Knox Lee Unit 5 and Lieberman Unit 3 and 4 continue to operate.

SWEPCO's plants in Louisiana and Arkansas serve our Texas customers, just as plants in Texas serve Louisiana and Arkansas customers.

Transmission, Distribution, Generation Improvements

SWEPCO has invested \$636.7 million across its transmission system and \$143.5 million across its distribution system since 2016. SWEPCO also has completed multiple projects at power plants to increase generating unit availability and efficiency in addition to minimizing the environmental impact.

Vegetation Management

SWEPCO's application includes a request for an expanded vegetation management program to reduce tree-related outages in Texas, especially during storms, and to restore power more quickly when outages occur. The additional funds will improve reliability on targeted circuits as demonstrated by the reduction in the number of tree-related outages on the circuits that were trimmed in 2018 and 2019.