I&M GOES SOLAR

“Our large-scale solar facility in Marion and the three I&M is building in the Michiana area in the coming year are an important achievement now, and they collectively mark an important first step into a future that includes more renewable solar energy for I&M customers.”

- Paul Chodak III
I&M President & COO

The Deer Creek Solar Facility, just south of Marion, began producing power on Dec. 31. The facility is generating up to 2.5 megawatts of electricity, and its generation is expected to power the equivalent of about 350 homes annually.

In addition to the Deer Creek facility, I&M broke ground last fall on the Twin Branch solar facility just outside Mishawaka. Two more facilities – near Watervliet, MI, and New Carlisle, IN – will also begin generating solar energy in 2016. Combined, the four facilities will have a capacity of nearly 15 megawatts and produce enough energy to power 2,000 homes annually.

This new solar power further diversifies I&M’s generation portfolio, which also includes nuclear, hydro, coal and, through power purchase agreements, wind. About half of I&M’s generation portfolio is from non-carbon-emitting sources.

Indiana customers can demonstrate their support for solar energy by participating in IM Solar, a program that allows participants to attribute part or all of their electricity consumption to solar. Customers can subscribe to retire Renewable Energy Certificate blocks at $2.21 per block per month. One 50 kilowatt-hour block is equivalent to about five percent of a typical home’s electric use.

To learn more about IM Solar or to sign up, go to wwwIndianaMichiganPower.com/Solar.
CUSTOMER EXPERIENCE

In 2015, we took great strides toward improving customer experience and expanding our range of services. We grew our digital presence by renovating our website (which ranks atop JD Power surveys for utility sites) to increase mobile accessibility, and launched a new service to send text and email alerts for billing and outages. Beyond internal upgrades, we’ve begun partnering with other companies, such as HomeServe USA, to provide more services and options than ever.

BE IN THE KNOW - MOBILE ALERTS
In early 2015, we were excited to announce that customers now have the option to receive texts and/or emails for billing/account status, as well as when their home or business is affected by a power outage. Customers enrolled in I&M ON THE GO MOBILE ALERTS receive a notification when an outage has been reported in their area and continue to get immediate updates as I&M crews determine the outage cause and estimate when power is expected to be restored. Customers have been highly receptive and participation is surpassing all initial expectations.

HOME WARRANTY PROGRAM
In January 2015, we partnered with HomeServe USA, a leading third-party provider of home emergency repair service plan programs, to offer optional protection to I&M residential customers for external electric lines, HVAC systems, water and sewer/septic systems and other home items not typically covered by basic homeowners insurance.

We recorded 30,159 subscriptions last year. The service plans available are priced between $5 and $11 per month, depending on coverage selected, and enrolled customers are able to pay for the coverage on their monthly electric bill. The program is completely optional and the coverage can be canceled at any time.

AVAILABLE COVERAGE PLANS

<table>
<thead>
<tr>
<th>Exterior Electrical Line Coverage</th>
<th>Cooling System Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interior Electrical Line Coverage</td>
<td>Exterior Water Service Line Coverage</td>
</tr>
<tr>
<td>Water Heater Repair and Replacement Plan</td>
<td>Exterior Sewer/Septic Service Line Coverage</td>
</tr>
<tr>
<td>Heating System Coverage</td>
<td>Interior Plumbing and Drainage System Coverage</td>
</tr>
</tbody>
</table>

PROGRAM HIGHLIGHT: EXTERIOR ELECTRICAL LINE COVERAGE

- **Coverage Amount:** $3,000 annual benefit, multiple service calls up to your coverage amount
- **30-day wait period with a money-back guarantee**

- **Monthly Rate:** $4.99

**Benefits**

- NO BILLS TO PAY FOR COVERED REPAIRS (up to $3,000 annually)
- 24/7, 365 EMERGENCY REPAIR HOTLINE
- PRIORITY RESPONSE FROM AN INSURED ELECTRICIAN
- ONE-YEAR GUARANTEE ON ALL COVERED REPAIRS

To learn more visit IMElectricalProtectionPlan.com
2015 was the first full year in which I&M’s Indiana energy efficiency programs were managed internally by our staff. In years past, some fell under Energizing Indiana. Bringing the programs internal allows us greater adaptability to most effectively serve I&M customers as opposed to default, statewide programs. The same plan is in place for our Michigan programs in 2016.

We offer a variety of programs for all levels of customers, including an online energy checkup with a free efficiency kit upon completion for residential customers; weatherproofing programs; a prescriptive rebates program for commercial and industrial customers; and tips for any size energy consumer to reduce their usage.

The full list of programs, incentives, and services we offer is available at ElectricIdeas.com
“Projects like these do a lot to improve reliability. They do a lot to ensure that we can withstand the loss of any component in the transmission system. That’s important to large customers.”
- Lisa Barton, Executive VP, AEP Transmission

In recent years, the utility industry and customers’ wants have been changing more rapidly than ever before, especially concerning renewables. Adding renewable energy changes the way we supply electricity, and we face the challenge of making sure we can connect to and distribute power from all our centralized and widespread generation. As these new sources pop up, and demand from growing areas increases, transmission lines must be replaced or built anew to move sufficient power from point A to point B safely and reliably.

One of our most visible projects is the Sorenson rebuild near Fort Wayne, which marked the first ever use of the innovative BOLD transmission structures. This project is part of a larger effort known as Powering Up Northeast Indiana, an approximately $500 million investment through 2018. PUNEI comprises five projects spanning from Decatur to Kendallville that will bring increased reliability to the entire Greater Fort Wayne area. Approximately $175 million is being invested in transmission upgrades across the rest of our Indiana service area.

In Southwest Michigan, approximately $150 million is going into new power lines, new substations and existing system upgrades focused in the Marcellus, Sister Lakes and Cass County areas. Projects kicked off in 2015 and are all planned for completion by winter of 2017.

Transmission projects mean construction, and construction means lots of equipment moving through customers’ property, trees being trimmed, and temporary roads being built. In an effort to act as good neighbors to our communities, I&M holds open house events for all our major transmission projects. Representatives from the local service areas, the engineering team, forestry and many others gather together to engage the community, seek input from local landowners, explain project need and answer any questions the community has. It is our foremost goal as your hometown energy provider to work with you to find the most responsible solutions.

BOLD – Breakthrough Overhead Line Design — will revolutionize transmission lines with a compact design that maximizes system performance while minimizing environmental impacts and overall system costs. Capable of delivering up to 60 percent increase in power carrying capacity, BOLD is a high-capacity, high efficiency transmission line design with an eye-pleasing, lower profile structure.

BOLD delivers:
- Lower cost per megawatt delivered than conventional high voltage lines
- A double-circuit BOLD line has the equivalent capacity of three conventional circuits in the same right-of-way
- Eliminates the need for costly and complex series capacitors
- Less energy loss from conductor heating and corona effects
- Up to 40 percent reduction in surge impedance
- Increased thermal capacity
- Smaller ground-level footprint
- Attractive appearance and a one-third reduction in structure height
In 2015 we were privileged to present an $800,000 grant on behalf of the AEP Foundation. The payout over five years will help expand the Credits Count program at Ivy Tech Community College’s Marion campus. The grant will benefit Marion High School and McCulloch Junior High School in Marion, Indiana. Ivy Tech is the fifth college to receive funding from the foundation for this program.

Credits CountSM, is a signature program of the AEP Foundation, targeting students in urban and rural areas who may not otherwise be able to afford a college education. The program encourages students to consider science, technology, engineering and mathematics (STEM) beginning in junior high school and supports dual enrollment opportunities at the high school level.

I&M AND IPFW/FUTURE CITY PARTNERSHIP

I&M sponsored the Indiana Future City Competition hosted by IPFW. Future City is a flexible, cross-curricular education program giving middle school students an opportunity to identify problems, brainstorm ideas, design solutions, test, retest & build and share their results. The program encourages students to pursue STEM careers. I&M sponsored awards for the following: Outstanding City Wide Electrical Power Concept and the 5th through 3rd place finalists awards. I&M's funding also provides support for the winning team's trip to nationals in Washington, D.C.

SUPPORTING THE NEXT GENERATION

In April of 2015, we were contacted by Five Star Life, an educational and mentoring group that works with local middle-school-age children in Elkhart, IN. Their mission is to combat the youth crisis in America, which includes staggering dropout rates and a high percentage of first time drug use and juvenile crime during after-school hours.

Their program focuses on five key areas: at-risk education and academic support, workforce readiness, mentoring, character education and experiential learning during the incredibly important after-school hours. A big part of their process is hands-on learning and leadership development; one of the tools they use is a ropes course, which I&M helped assemble.

Several line crews from our South Bend and Elkhart barns spent two days at Five Star Life. They set the poles and anchor wires that serve as the foundation for the ropes course. Crews' efforts helped the project reach completion by July 29th and saved the organization approximately $15,000 in construction costs.

COOK NUCLEAR MAKING (GOOD) WAVES

The Cook Nuclear Plant maintains strong relationships with the surrounding communities in many ways. From May to October, Cook sponsors a weather buoy in Lake Michigan outside the plant. Initially developed to provide water data to improve plant efficiency, it has become a favorite of area boating enthusiasts. Current information on water and air temperature, wave height, wind speed and even live pictures and video are available by text or online at GreatLakesBuoys.org (click on station 45026). In 2015, that information was accessed more than 500,000 times by the public.

COOK NUCLEAR MAKING (GOOD) WAVES

I&M continues our commitment to in-school education concerning safety around electricity. We visited 46 classrooms and presented to 2,500 students in grades 2-5, teaching them about electricity, how to spot unsafe situations, avoid power lines, and keep electricity and water away from each other.

Our largest non-profit partnership is with the United Way in the various communities we serve. Each year, employees participate in donation campaigns - raising $273,000 in 2015 - and volunteer time at events like the Allen County Day of Caring to help with labor needs in the communities we serve.

Across our service territory, I&M employees are active with local Habitat for Humanity builds, lending a hand to help raise homes for those in need. Each year, we assist in projects in the South Bend and Southwest Michigan areas.

Indiana Michigan Power Center is home to more than just our corporate headquarters. It is also outfitted with a nest to help Peregrine Falcons repopulate in the Midwest. In 2015, Moxie and Jamie had a brood of four chicks, named by our FWCS Study Connection students whom also attended the banding.
589,000 CUSTOMERS

- 1% Industrial
- 12% Commercial
- 87% Residential

DISTRIBUTION LINES
21,000 Miles

TRANSMISSION LINES
5,000 Miles

Serving 164 cities across 4,600 sq. miles in Indiana and Michigan

PROUD TO BE YOUR HOMETOWN ENERGY PROVIDER