



AEP Texas forms partnership with local and regional banks

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A new partnership aims to boost the regional economy and help AEP Texas update its services.

AEP Texas teamed with regional and local banks to form a senior unsecured term loan facility, according to a company news release. The agreement provides \$175 million in intermediate-term financing to AEP Texas' two operating companies for new customer service and infrastructure development.

Wade Smith, AEP Texas' president and chief operating officer, described the move as a win-win not simply supporting the company's work.

"Working with banks within our region to fund our capital expenditures promotes a stronger local economy, which in turn translates into more jobs and healthy local businesses," he said in the release.


Eleven banks with a combined 248 branches are participating. In Victoria, AEP's partner is First Victoria National Bank.

AEP Texas partnership

The full list of banks taking part :

- BBVA Compass Bancshares Inc. - Corpus Christi, Rio Grande Valley and Abilene
- First Victoria National Bank - Victoria
- Prosperity Bank - Abilene
- American Bank N.A. - Corpus Christi
- First Financial Bank - ...

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Prosperity Bank's acquisition of First Victoria, which the banks announced in July, should not affect First Victoria's commitment to the program, AEP Texas spokesman Elgin Janssen said.

Allowing local banks to provide financing for large-scale capital expenditures expands on AEP Texas' financing strategies. In recent years, such projects were largely limited to financial institutions with global portfolios and traditional capital markets.

Ron Ford, AEP Texas' vice president of regulatory and finance, said it makes sense to raise capital within the company's service territory.

"This transaction allows us to build liquidity and diversify our lender base," he said in the release. "In the process, we've established new relationships with banks operating within our region. We look forward to growing even stronger relationships with our new banking partners."

AEP Texas has a stable investment grade credit rating. The company projects it will need millions of dollars in the next three years to meet the needs of new customers and to expand and modernize its transmission and distribution system.

As the company repays the loans made available through this lending agreement, that money will go into the local and regional economy as banks make other loans from those funds.

To learn more about AEP Texas, visit aeptexas.com.