AEP Generating Company

2021 First Quarter Report

Financial Statements

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GLOSSARY OF TERMS

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

Term	Meaning
AEGCo	AEP Generating Company, an AEP electric utility subsidiary.
AEP	American Electric Power Company, Inc., an investor-owned electric public utility holding company which includes American Electric Power Company, Inc. (Parent) and majority owned consolidated subsidiaries and consolidated affiliates.
AEP System	American Electric Power System, an electric system, owned and operated by AEP subsidiaries.
AFUDC	Allowance for Equity Funds Used During Construction.
COVID-19	Coronavirus 2019, a high infectious respiratory disease. In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic.
Excess ADIT	Excess accumulated deferred income taxes.
FASB	Financial Accounting Standards Board.
FERC	Federal Energy Regulatory Commission.
GAAP	Accounting Principles Generally Accepted in the United States of America.
I&M	Indiana Michigan Power Company, an AEP electric utility subsidiary.
IRS	Internal Revenue Service.
MW	Megawatt.
NSR	New Source Review.
OPEB	Other Postretirement Benefits.
Parent	American Electric Power Company, Inc., the equity owner of AEP subsidiaries within the AEP consolidation.
Rockport Plant	A generation plant, consisting of two 1,310 MW coal-fired generating units near Rockport, Indiana. AEGCo and I&M jointly-own Unit 1. In 1989, AEGCo and I&M entered into a sale-and-leaseback transaction with Wilmington Trust Company, an unrelated, unconsolidated trustee for Rockport Plant, Unit 2.
Tax Reform	On December 22, 2017, President Trump signed into law legislation referred to as the "Tax Cuts and Jobs Act" (the TCJA). The TCJA includes significant changes to the Internal Revenue Code of 1986, including a reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018.
UMWA	United Mine Workers of America.
Utility Money Pool	Centralized funding mechanism AEP uses to meet the short-term cash requirements of certain utility subsidiaries.

AEP GENERATING COMPANY
CONDENSED STATEMENTS OF INCOME
For the Three Months Ended March 31, 2021 and 2020
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2021	**2020**
REVENUES		
Sales to AEP Affiliates	$ 73,667	$ 51,623
Other Revenues – Affiliated	5,055	3,553
Other Revenues – Nonaffiliated	55	55
TOTAL REVENUES	78,777	55,231
EXPENSES		
Fuel and Other Consumables Used for Electric Generation	22,144	8,691
Rent – Rockport Plant, Unit 2	16,165	16,835
Other Operation	6,228	5,583
Maintenance	4,798	4,227
Depreciation and Amortization	24,817	15,919
Taxes Other Than Income Taxes	1,475	1,450
TOTAL EXPENSES	75,627	52,705
OPERATING INCOME	3,150	2,526
Other Income (Expense):		
Interest Income	13	230
Allowance for Equity Funds Used During Construction	97	1,451
Non-Service Cost Components of Net Periodic Benefit Cost	765	800
Interest Expense	(1,099)	(1,019)
INCOME BEFORE INCOME TAX BENEFIT	2,926	3,988
Income Tax Benefit	(425)	(963)
NET INCOME	$ 3,351	$ 4,951

The common stock of AEGCo is wholly-owned by Parent.

See Condensed Notes to Condensed Financial Statements beginning on page 7.

AEP GENERATING COMPANY
CONDENSED STATEMENTS OF CHANGES IN
COMMON SHAREHOLDER’S EQUITY
For the Three Months Ended March 31, 2021 and 2020
(in thousands)
(Unaudited)

	Common Stock	Paid-in Capital	Retained Earnings	Total
TOTAL COMMON SHAREHOLDER’S EQUITY - DECEMBER 31, 2019	$ 1,000	$ 165,487	$ 75,706	$ 242,193
Common Stock Dividends			(26,500)	(26,500)
Net Income			4,951	4,951
TOTAL COMMON SHAREHOLDER’S EQUITY - MARCH 31, 2020	$ 1,000	$ 165,487	$ 54,157	$ 220,644
TOTAL COMMON SHAREHOLDER’S EQUITY - DECEMBER 31, 2020	$ 1,000	$ 165,487	$ 50,327	$ 216,814
Common Stock Dividends			(11,500)	(11,500)
Net Income			3,351	3,351
TOTAL COMMON SHAREHOLDER'S EQUITY – MARCH 31, 2021	$ 1,000	$ 165,487	$ 42,178	$ 208,665

See Condensed Notes to Condensed Financial Statements beginning on page 7.

AEP GENERATING COMPANY
CONDENSED BALANCE SHEETS
ASSETS
March 31, 2021 and December 31, 2020
(in thousands)
(Unaudited)

	March 31, 2021	December 31, 2020
CURRENT ASSETS		
Advances to Affiliates	$ 33,276	$ 6,021
Accounts Receivable:		
Customers	4	120
Affiliated Companies	23,142	17,113
Total Accounts Receivable	23,146	17,233
Fuel	80,206	85,794
Materials and Supplies	19,567	19,222
Prepayments and Other Current Assets	3,247	6,239
TOTAL CURRENT ASSETS	159,442	134,509
PROPERTY, PLANT AND EQUIPMENT		
Electric Generation	1,252,389	1,249,566
Other Property, Plant and Equipment	39,387	39,025
Construction Work in Progress	18,700	19,632
Total Property, Plant and Equipment	1,310,476	1,308,223
Accumulated Depreciation and Amortization	886,259	862,013
TOTAL PROPERTY, PLANT AND EQUIPMENT – NET	424,217	446,210
OTHER NONCURRENT ASSETS		
Regulatory Assets	4,580	10,131
Operating Lease Assets	130,234	148,640
Deferred Charges and Other Noncurrent Assets	4,920	2,235
TOTAL OTHER NONCURRENT ASSETS	139,734	161,006
TOTAL ASSETS	$ 723,393	$ 741,725

See Condensed Notes to Condensed Financial Statements beginning on page 7.

AEP GENERATING COMPANY
CONDENSED BALANCE SHEETS
LIABILITIES AND COMMON SHAREHOLDER'S EQUITY
March 31, 2021 and December 31, 2020
(Unaudited)

	March 31, 2021	December 31, 2020
CURRENT LIABILITIES	(in thousands)	
Accounts Payable:		
General	$ 1,396	$ 1,025
Affiliated Companies	9,691	13,101
Accrued Taxes	9,369	5,018
Accrued Rent – Rockport Plant, Unit 2	1,868	704
Obligations Under Operating Leases	73,252	73,349
Other Current Liabilities	6,795	5,231
TOTAL CURRENT LIABILITIES	102,371	98,428
NONCURRENT LIABILITIES		
Long-term Debt – Nonaffiliated	194,280	194,186
Deferred Income Taxes	21,017	24,715
Regulatory Liabilities and Deferred Investment Tax Credits	67,787	69,657
Obligations Under Operating Leases	74,860	77,568
Deferred Credits and Other Noncurrent Liabilities	54,413	60,357
TOTAL NONCURRENT LIABILITIES	412,357	426,483
TOTAL LIABILITIES	514,728	524,911
Commitments and Contingencies (Note 3)		
COMMON SHAREHOLDER'S EQUITY		
Common Stock – Par Value – $1,000 Per Share:		
Authorized – 1,000 Shares		
Outstanding – 1,000 Shares	1,000	1,000
Paid-in Capital	165,487	165,487
Retained Earnings	42,178	50,327
TOTAL COMMON SHAREHOLDER'S EQUITY	208,665	216,814
TOTAL LIABILITIES AND COMMON SHAREHOLDER'S EQUITY	$ 723,393	$ 741,725

See Condensed Notes to Condensed Financial Statements beginning on page 7.

AEP GENERATING COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
For the Three Months Ended March 31, 2021 and 2020
(in thousands)
(Unaudited)

	Three Months Ended March 31, 2021	2020
OPERATING ACTIVITIES		
Net Income	$ 3,351	$ 4,951
Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	24,817	15,919
Rockport Plant, Unit 2 Operating Lease Amortization	16,165	16,835
Deferred Income Taxes	(3,663)	(3,981)
Allowance for Equity Funds Used During Construction	(97)	(1,451)
Change in Other Noncurrent Assets	179	363
Change in Other Noncurrent Liabilities	(169)	(105)
Changes in Certain Components of Working Capital:		
Accounts Receivable	(5,913)	231
Fuel, Materials and Supplies	5,243	(15,548)
Accounts Payable	(3,061)	(2,424)
Accrued Taxes, Net	7,140	7,065
Other Current Assets	203	(1,269)
Other Current Liabilities	(1,364)	(3,569)
Net Cash Flows from Operating Activities	42,831	17,017
INVESTING ACTIVITIES		
Construction Expenditures	(3,675)	(15,861)
Change in Advances to Affiliates, Net	(27,255)	25,714
Net Cash Flows from (Used for) Investing Activities	(30,930)	9,853
FINANCING ACTIVITIES		
Principal Payments for Finance Lease Obligations	(401)	(370)
Dividends Paid on Common Stock	(11,500)	(26,500)
Net Cash Flows Used for Financing Activities	(11,901)	(26,870)
Net Change in Cash and Cash Equivalents	—	—
Cash and Cash Equivalents at Beginning of Period	—	—
Cash and Cash Equivalents at End of Period	$ —	$ —
SUPPLEMENTARY INFORMATION		
Cash Paid for Interest, Net of Capitalized Amounts	$ 737	$ 1,001
Noncash Acquisitions Under Finance Leases	175	49
Construction Expenditures Included in Current Liabilities as of March 31,	109	136

See Condensed Notes to Condensed Financial Statements beginning on page 7.

INDEX OF CONDENSED NOTES TO CONDENSED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING MATTERS

General

The unaudited condensed financial statements and footnotes were prepared in accordance with GAAP for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete annual financial statements.

In the opinion of management, the unaudited condensed interim financial statements reflect all normal and recurring accruals and adjustments necessary for a fair statement of the net income, financial position and cash flows for the interim periods. Net income for the three months ended March 31, 2021 is not necessarily indicative of results that may be expected for the year ending December 31, 2021. The condensed financial statements are unaudited and should be read in conjunction with the audited 2020 financial statements and notes thereto, which are included in AEGCo's 2020 Annual Report.

COVID-19

In 2020, COVID-19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention. Its rapid spread around the world and throughout the United States prompted many countries, including the United States, to institute restrictions on travel, public gatherings and certain business operations. These restrictions significantly disrupted economic activity in AEP's service territory and resulted in reduced demand for energy, particularly from commercial and industrial customers. AEGCo continues to take steps to mitigate the potential risks to customers, suppliers and employees posed by the spread of COVID-19.

As of March 31, 2021 and through the date of this report, AEGCo assessed certain accounting matters that require consideration of forecasted financial information, including, but not limited to, the allowance for credit losses and the carrying value of long-lived assets. While there were not any impairments or significant increases in credit allowances resulting from these assessments for the three months ended March 31, 2021 and 2020, the ultimate impact of COVID-19 also depends on factors beyond management's knowledge or control, including the duration and severity of this outbreak as well as third-party actions taken to contain its spread and mitigate its public health effects. Therefore, management cannot estimate the potential future impact to financial position, results of operations and cash flows, but the impacts could be material.

Subsequent Events

Management reviewed subsequent events through April 22, 2021, the date that the first quarter 2021 report was available to be issued.

2. NEW ACCOUNTING STANDARDS

During the FASB's standard-setting process and upon issuance of final standards, management reviews the new accounting literature to determine its relevance, if any, to AEGCo's business. There are no new standards expected to have a material impact on AEGCo's financial statements.

3. COMMITMENTS, GUARANTEES AND CONTINGENCIES

AEGCo is subject to certain claims and legal actions arising in its ordinary course of business. In addition, AEGCo's business activities are subject to extensive governmental regulation related to public health and the environment. The ultimate outcome of such pending or potential litigation against AEGCo cannot be predicted. Management accrues contingent liabilities only when management concludes that it is both probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. When management determines that it is not probable, but rather reasonably possible that a liability has been incurred at the date of the financial statements, management discloses such contingencies and the possible loss or range of loss if such estimate can be made. Any estimated range is based on currently available information and involves elements of judgment and significant uncertainties. Any estimated range of possible loss may not represent the maximum possible loss exposure. Circumstances change over time and actual results may vary significantly from estimates.

For current proceedings not specifically discussed below, management does not anticipate that the liabilities, if any, arising from such proceedings would have a material effect on the financial statements. The Commitments, Guarantees and Contingencies note within AEGCo's 2020 Annual Report should be read in conjunction with this report.

GUARANTEES

Liabilities for guarantees are recorded in accordance with the accounting guidance for "Guarantees." There is no collateral held in relation to any guarantees. In the event any guarantee is drawn, there is no recourse to third-parties unless specified below.

Indemnifications and Other Guarantees

Contracts

AEGCo enters into certain types of contracts which require indemnifications. Typically these contracts include, but are not limited to, sale agreements, lease agreements, purchase agreements and financing agreements. Generally, these agreements may include, but are not limited to, indemnifications around certain tax, contractual and environmental matters. With respect to sale agreements, exposure generally does not exceed the sale price. As of March 31, 2021, there were no material liabilities recorded for any indemnifications.

Master Lease Agreements

AEGCo leases certain equipment under master lease agreements. Under the lease agreements, the lessor is guaranteed a residual value up to a stated percentage of the equipment cost at the end of the lease term. If the actual fair value of the leased equipment is below the guaranteed residual value at the end of the lease term, AEGCo is committed to pay the difference between the actual fair value and the residual value guarantee. Historically, at the end of the lease term the fair value has been in excess of the amount guaranteed. As of March 31, 2021, the maximum potential loss for these lease agreements was $42 thousand assuming the fair value of the equipment is zero at the end of the lease term.

Rockport Lease

AEGCo and I&M entered into a sale-and-leaseback transaction in 1989 with Wilmington Trust Company (Owner Trustee), an unrelated, unconsolidated trustee for Rockport Plant, Unit 2 (the Plant). The Owner Trustee was capitalized with equity from six owner participants with no relationship to AEP or any of its subsidiaries and debt from a syndicate of banks and securities in a private placement to certain institutional investors.

The Owner Trustee owns the Plant and leases equal portions to AEGCo and I&M. The lease is accounted for as an operating lease. The lease term is for 33 years and at the end of the lease term, AEGCo and I&M have the option to renew the lease at a rate that approximates fair value. In November 2020, management announced that AEP will not renew the lease when it expires in 2022. AEP, AEGCo and I&M have no ownership interest in the Owner Trustee and do not guarantee its debt. AEGCo's future minimum lease payments for this sale-and-leaseback transaction as of March 31, 2021 were as follows:

Future Minimum Lease Payments		
		(in thousands)
2021	$	73,854
2022		73,854
Total Future Minimum Lease Payments	$	147,708

CONTINGENCIES

Rockport Plant Litigation

In 2013, the Wilmington Trust Company filed a complaint in the U.S. District Court for the Southern District of New York against AEGCo and I&M alleging that it would be unlawfully burdened by the terms of the modified NSR consent decree after the Rockport Plant, Unit 2 lease expiration in December 2022. The terms of the consent decree allow the installation of environmental emission control equipment, repowering, refueling or retirement of the unit. The plaintiffs seek a judgment declaring that the defendants breached the lease, must satisfy obligations related to installation of emission control equipment and indemnify the plaintiffs. The New York court granted a motion to transfer this case to the U.S. District Court for the Southern District of Ohio.

AEGCo and I&M sought and were granted dismissal by the U.S. District Court for the Southern District of Ohio of certain of the plaintiffs' claims, including claims for compensatory damages, breach of contract, breach of the implied covenant of good faith and fair dealing and indemnification of costs. Plaintiffs voluntarily dismissed the surviving claims that AEGCo and I&M failed to exercise prudent utility practices with prejudice, and the court issued a final judgment. The plaintiffs subsequently filed an appeal in the U.S. Court of Appeals for the Sixth Circuit.

In 2017, the U.S. Court of Appeals for the Sixth Circuit issued an opinion and judgment affirming the district court's dismissal of the owners' breach of good faith and fair dealing claim as duplicative of the breach of contract claims, reversing the district court's dismissal of the breach of contract claims and remanding the case for further proceedings.

Thereafter, AEP filed a motion with the U.S. District Court for the Southern District of Ohio in the original NSR litigation, seeking to modify the consent decree. The district court granted the owners' unopposed motion to stay the lease litigation to afford time for resolution of AEP's motion to modify the consent decree. The consent decree was modified based on an agreement among the parties in July 2019. The district court's stay of the lease litigation expired in August 2020. Upon expiration of the stay, plaintiffs filed a motion for partial summary judgment, arguing that the consent decree violates the facility lease and the participation agreement and requesting that the district court enter a judgment for the plaintiffs on their breach of contract claim. AEP's memorandum in opposition to plaintiffs' motion for partial summary judgment was filed in October 2020. At the parties' request, the district court stayed the case until April 19, 2021 to provide the parties an opportunity to resolve the case.

On April 20, 2021, I&M and AEGCo reached an agreement to acquire 100% of the interests in Rockport Plant, Unit 2 for $115.5 million from certain financial institutions that own the unit through trusts established by Wilmington Trust, the nonaffiliated owner trustee of the ownership interests in the unit, with closing to occur as of the end of the Rockport Plant, Unit 2 lease in December 2022. As a result, the parties have submitted a stipulation and order of dismissal requesting that the district court dismiss the case without prejudice to plaintiffs asserting their claims in a re-filed action or in a new action. The agreement is subject to customary closing conditions, including regulatory approvals, and as of the closing will result in a final settlement of, and release of claims in, the lease litigation. Management believes its financial statements appropriately reflect the expected resolution of the pending litigation.

Claims Challenging Transition of American Electric Power System Retirement Plan to Cash Balance Formula

The American Electric Power System Retirement Plan (the Plan) has received a letter written on behalf of four participants (the Claimants) making a claim for additional plan benefits and purporting to advance such claims on behalf of a class. When the Plan's benefit formula was changed in the year 2000, AEP provided a special provision for employees hired before January 1, 2001, allowing them to continue benefit accruals under the then benefit formula for a full 10 years alongside of the new cash balance benefit formula then being implemented. Employees who were hired on or after January 1, 2001 accrued benefits only under the new cash balance benefit formula. The Claimants have asserted claims that: (a) the Plan violates the requirements under the Employee Retirement Income Security Act (ERISA) intended to preclude back-loading the accrual of benefits to the end of a participant's career, (b) the Plan violates the age discrimination prohibitions of ERISA and the Age Discrimination in Employment Act and (c) the company failed to provide required notice regarding the changes to the Plan. AEP has responded to the Claimants providing a reasoned explanation for why each of their claims have been denied. The denial of those claims was appealed to the AEP System Retirement Plan Appeal Committee and the Committee upheld the denial of claims. Management will continue to defend against the claims. Management is unable to determine a range of potential losses that is reasonably possible of occurring.

4. BENEFIT PLANS

AEGCo participates in an AEP sponsored qualified pension plan and an unfunded non-qualified pension plan. Substantially all of AEGCo's employees who are not UMWA members are covered by the qualified plan. AEGCo also participates in OPEB plans sponsored by AEP to provide health and life insurance benefits for retired employees.

Components of Net Periodic Benefit Cost

The following table provides the components of AEGCo's net periodic benefit cost (credit) for the plans:

	Pension Plan		OPEB	
	Three Months Ended March 31,		Three Months Ended March 31,	
	2021	2020	2021	2020
	(in thousands)			
Service Cost	$ 35	$ 35	$ 219	$ 187
Interest Cost	23	27	370	376
Expected Return on Plan Assets	(54)	(62)	(666)	(666)
Amortization of Prior Service Credit	—	—	(17)	(17)
Amortization of Net Actuarial Loss	16	15	2	1
Net Periodic Benefit Cost (Credit)	$ 20	$ 15	$ (92)	$ (119)

5. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy and Valuation Techniques

The accounting guidance for "Fair Value Measurements and Disclosures" establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). Where observable inputs are available for substantially the full term of the asset or liability, the instrument is categorized in Level 2. When quoted market prices are not available, pricing may be completed using comparable securities, dealer values, operating data and general market conditions to determine fair value. Valuation models utilize various inputs such as commodity, interest rate and, to a lesser degree, volatility and credit that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, market corroborated inputs (i.e. inputs derived principally from, or correlated to, observable market data) and other observable inputs for the asset or liability.

Fair Value Measurements of Long-term Debt

The fair values of Long-term Debt are based on quoted market prices, without credit enhancements, for the same or similar issues and the current interest rates offered for instruments with similar maturities classified as Level 2 measurement inputs. These instruments are not marked-to-market. The estimates presented are not necessarily indicative of the amounts that could be realized in a current market exchange.

The book values and fair values of AEGCo's Long-term Debt are summarized in the following table:

	March 31, 2021		December 31, 2020	
	Book Value	Fair Value	Book Value	Fair Value
	(in thousands)			
Long-term Debt	$ 194,280	$ 195,635	$ 194,186	$ 197,420

6. INCOME TAXES

Effective Tax Rates (ETR)

AEGCo's interim ETR reflects the estimated annual ETR for 2021 and 2020, adjusted for tax expense associated with certain discrete items.

AEGCo includes the amortization of Excess ADIT not subject to normalization requirements in the annual estimated ETR when regulatory proceedings instruct AEGCo to provide the benefits of Tax Reform to customers over multiple interim periods. Certain regulatory proceedings instruct AEGCo to provide the benefits of Tax Reform to customers in a single period (e.g. by applying the Excess ADIT not subject to normalization requirements against an existing regulatory asset balance) and in these circumstances, AEGCo recognizes the tax benefit discretely in the period recorded. The annual amount of Excess ADIT approved by AEGCo's regulatory commissions may not impact the ETR ratably during each interim period due to the variability of pretax book income between interim periods and the application of an annual estimated ETR.

The ETR for AEGCo are included in the following table:

	Three Months Ended March 31,	
	2021	**2020**
U.S. Federal Statutory Rate	21.0 %	21.0 %
Increase (decrease) due to:		
State Income Tax, net of Federal Benefit	17.4 %	8.2 %
Tax Reform Excess ADIT Reversal	(18.9)%	(26.5)%
Production and Investment Tax Credits	(11.6)%	(11.3)%
Flow Through	(2.0)%	3.7 %
AFUDC Equity	(0.4)%	(3.0)%
Parent Company Loss Benefit	(20.1)%	(11.7)%
Discrete Tax Adjustments	— %	(4.7)%
Other	0.1 %	0.2 %
Effective Income Tax Rate	(14.5)%	(24.1)%

Federal and State Income Tax Audit Status

The statute of limitations for the IRS to examine AEG and other AEP subsidiaries originally filed federal return has expired for tax years 2016 and earlier. In the third quarter of 2019, AEG and other AEP subsidiaries elected to amend the 2014 and 2015 federal returns. In the first quarter of 2020, the IRS notified AEP that it was beginning an examination of these amended returns, including the net operating loss carryback to 2015 that originated in the 2017 return. As of March 31, 2021, the IRS has not challenged any items on these returns and the IRS is limited in their proposed adjustments to the amount AEP claimed on the amended returns.

7. FINANCING ACTIVITIES

Long-term Debt

AEGCo did not have any long-term debt issuances or retirements during the first three months of 2021.

Dividend Restrictions

AEGCo pays dividends to Parent provided funds are legally available. Various financing arrangements may impose certain restrictions on the ability of AEGCo to transfer funds to Parent in the form of dividends.

AEGCo has credit agreements that contain a covenant that limit its debt to capitalization ratio to 67.5%. As of March 31, 2021, AEGCo did not exceed its debt to capitalization limit. The method for calculating outstanding debt and capitalization is contractually-defined in the credit agreements.

Corporate Borrowing Program - AEP System

The AEP System uses a corporate borrowing program to meet the short-term borrowing needs of AEP's subsidiaries. The corporate borrowing program includes a Utility Money Pool, which funds AEP's utility subsidiaries. The AEP System Utility Money Pool operates in accordance with the terms and conditions of its agreement filed with the FERC. The amounts of outstanding loans to the Utility Money Pool as of March 31, 2021 and December 31, 2020 are included in Advances to Affiliates on AEGCo's balance sheets. AEGCo's Utility Money Pool activity and corresponding authorized borrowing limit for the three months ended March 31, 2021 are described in the following table:

Maximum Borrowings from the Utility Money Pool	Maximum Loans to the Utility Money Pool	Average Borrowings from the Utility Money Pool	Average Loans to the Utility Money Pool	Loans to the Utility Money Pool as of March 31, 2021	Authorized Short-Term Borrowing Limit
		(in thousands)			
$ 12,562	$ 34,547	$ 10,902	$ 17,426	$ 33,276	$ 150,000

Maximum, minimum and average interest rates for funds either borrowed from or loaned to the Utility Money Pool are summarized in the following table:

Three Months Ended March 31,	Maximum Interest Rate for Funds Borrowed from the Utility Money Pool	Minimum Interest Rate for Funds Borrowed from the Utility Money Pool	Maximum Interest Rate for Funds Loaned to the Utility Money Pool	Minimum Interest Rate for Funds Loaned to the Utility Money Pool	Average Interest Rate for Funds Borrowed from the Utility Money Pool	Average Interest Rate for Funds Loaned to the Utility Money Pool
2021	0.26 %	0.25 %	0.40 %	0.25 %	0.26 %	0.33 %
2020	— %	— %	2.24 %	1.76 %	— %	1.94 %

8. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated Revenues from Contracts with Customers

AEGCo's statements of income represent revenues from contracts with customers by type of revenue. AEGCo did not have alternative revenues for March 31, 2021 and March 31, 2020.

Fixed Performance Obligations

As of March 31, 2021, there are no fixed performance obligations related to AEGCo.

Contract Assets and Liabilities

Contract assets are recognized when AEGCo has a right to consideration that is conditional upon the occurrence of an event other than the passage of time, such as future performance under a contract. AEGCo did not have material contract assets as of March 31, 2021 and December 31, 2020.

When AEGCo receives consideration, or such consideration is unconditionally due from a customer prior to transferring goods or services to the customer under the terms of a sales contract, they recognize a contract liability on the balance sheet in the amount of that consideration. Revenue for such consideration is subsequently recognized in the period or periods in which the remaining performance obligations in the contract are satisfied. AEGCo did not have material contract liabilities as of March 31, 2021 and December 31, 2020.

Accounts Receivable from Contracts with Customers

Accounts receivable from contracts with customers are presented on AEGCo's balance sheets within the Accounts Receivable - Customers and Accounts Receivable - Affiliated Companies line items. AEGCo's balances for receivables from contracts that are not recognized in accordance with the accounting guidance for "Revenue from Contracts with Customers" included in Accounts Receivable - Customers and Accounts Receivable - Affiliated Companies were not material as of March 31, 2021 and December 31, 2020.