

# BARCLAYS ENERGY POWER CONFERENCE

September 9, 2021



# “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, the impact of pandemics, including COVID-19, and any associated disruption of AEP’s business operations due to impacts on economic or market conditions, electricity usage, employees, customers, service providers, vendors and suppliers, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms, including favorable tax treatment, and to recover those costs, new legislation, litigation and government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

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# The Premier Regulated Energy Company



16,800 EMPLOYEES

24GW OWNED GENERATION

5.5M CUSTOMERS, 11 STATES

\$81B TOTAL ASSETS

40,000 TRANSMISSION MILES

223,000 DISTRIBUTION MILES

\$50B RATE BASE

\$45B CURRENT MARKET CAPITALIZATION

Statistics as of December 31, 2020 except for market capitalization as of September 8, 2021

# AEP Leading the Way Forward

**Confidence in  
Steady and  
Predictable  
Earnings Growth  
Rate of  
5%-7%**

**Commitment to  
Growing  
Dividend  
Consistent with  
Earnings**

**Well Positioned  
as a Sustainable  
Regulated  
Business**

**Compelling  
Portfolio of  
Premium  
Investment  
Opportunities**

# AEP's Strategic Vision and Execution

## EXECUTE STRATEGY

## TOP PRIORITIES

**Promote clean energy transformation**

- Invest in regulated and contracted renewables
- Optimize the generation fleet

**Enable growth and prosperity for our communities**

- Grow top line revenue
- Champion economic development
- Be good neighbors

**Innovate for the benefit of our customers**

- Improve customer experience through use of technology and business innovation
- Modernize regulatory mechanisms to support customer expectations

**Build a modern, secure and resilient grid**

- Deploy technologies that enhance grid safety, security and value
- Invest in leveraging energy infrastructure

**Drive operational excellence**

- Achieve Zero Harm
- Drive relentless O&M optimization
- Implement automation, digitization and process improvements
- Be a great place to work

# AEP KEY THEMES

Pure Play Electric Utility with Significant  
Renewables Upside

- 5%-7% Earnings Growth Rate and 2021 Range
- Proven Track Record of EPS Performance
- Strong Dividend Growth
- ESG Focus and Acceleration of a Clean Energy Future
- O&M Optimization



# Strong Return Proposition for Investors

## TOTAL SHAREHOLDER RETURN

**8% - 10%**

## 2021 RAISED OPERATING EARNINGS GUIDANCE RANGE

**\$4.55 - \$4.75**

DIVIDEND YIELD

**3%**

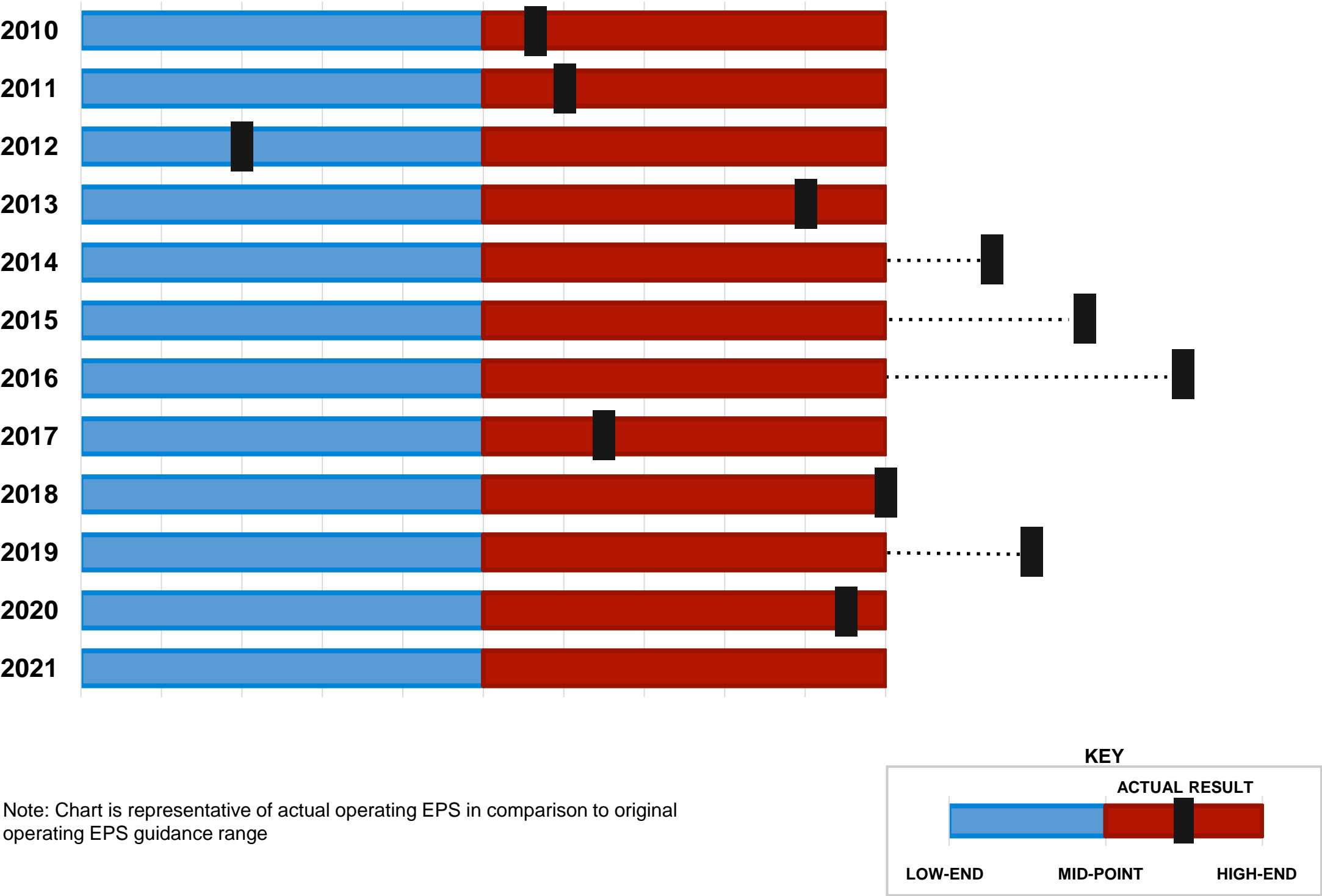
**+**

EPS GROWTH

**5% - 7%**

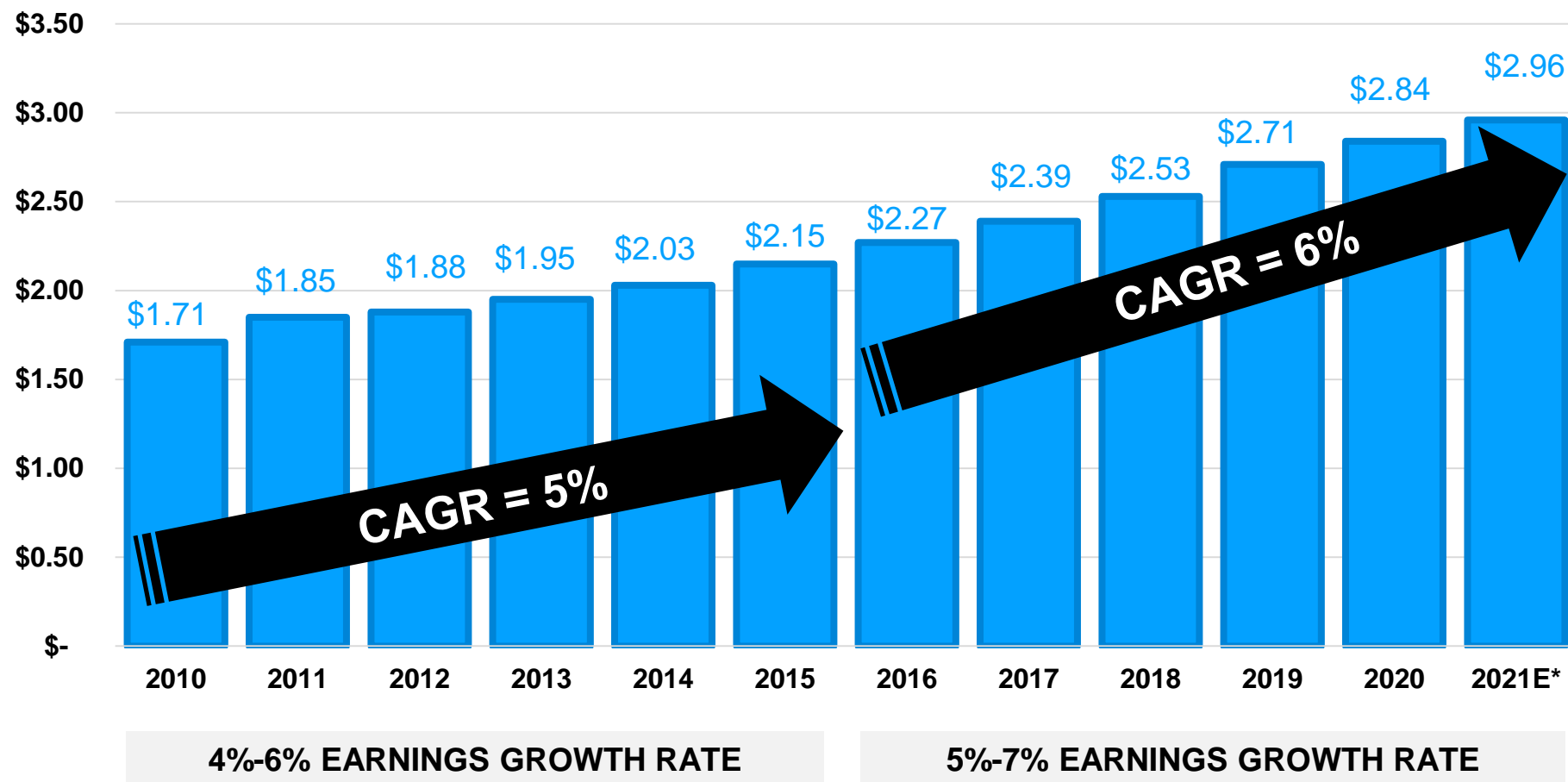
- ✓ **STEADY GROWTH**
- ✓ **CONSISTENT DIVIDENDS**
- ✓ **LOW RISK, REGULATED ASSETS**
- ✓ **INVESTMENT PIPELINE**
- ✓ **INCENTIVE COMPENSATION TIED TO EPS RESULTS**

# Over a Decade of Meeting or Exceeding EPS Guidance



Note: Chart is representative of actual operating EPS in comparison to original operating EPS guidance range

# Strong Dividend Growth



- ✓ Targeted payout ratio 60-70% of operating earnings
- ✓ Over 110 years of consecutive quarterly dividends
- ✓ Targeted dividend growth in line with earnings

**EPS Growth + Dividend Yield = 8% to 10% Annual Return Opportunity**

\* Subject to Board approval

# AEP's Commitment to ESG/Sustainability Leadership

## ENVIRONMENTAL

- Accelerated carbon emission reduction goals: 80% by 2030, net zero by 2050
- ~\$9B spent on environmental controls since 2000
- 48% reduction in coal capacity as a percent of total capacity by 2030
- Coal capacity = 14% of rate base
- Coal revenue = 13% of total revenue
- Clean energy transition tied to long-term incentive compensation

**80%** reduction by 2030  
**Net-Zero** by 2050

CO<sub>2</sub>  
74%

SO<sub>2</sub>  
98%

NO<sub>x</sub>  
96%

Hg  
98%

## SOCIAL

- Diversity and inclusion vision
- Focused on economic and business development in our service territories
- Donated ~\$39M in 2020 to support more than 1,200 community organizations
- Launched a \$5M Delivering the Dream: Social and Racial Justice grant program in 2021
- Zero Harm mentality – zero injuries, zero occupational illnesses and zero fatalities



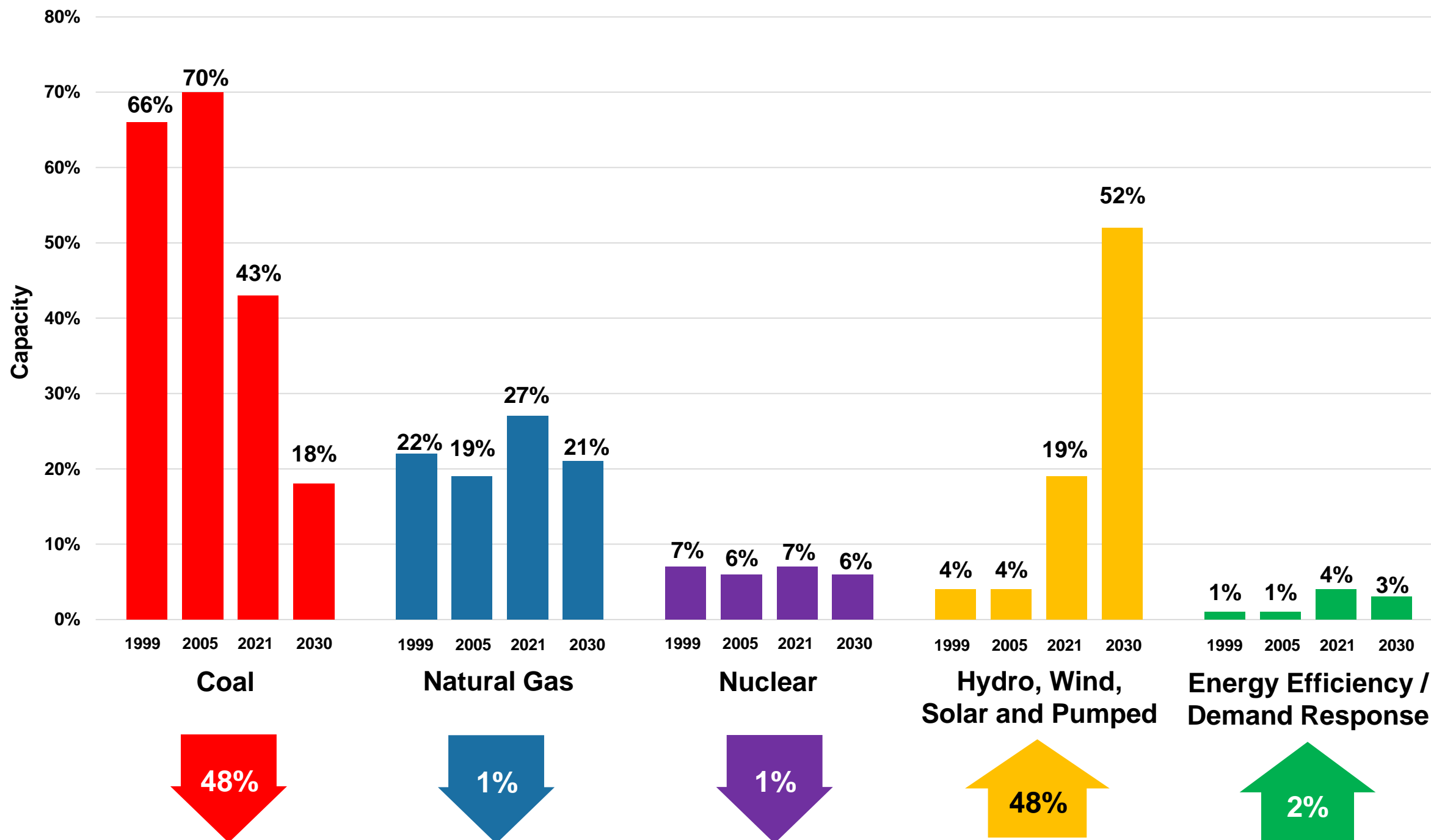
## GOVERNANCE

- 12 directors, 11 are independent, 50% diverse with an average tenure of 8 years
- Annual shareholder engagement on strategy and ESG matters with lead independent director participation
- Environmental reports provided at every Board meeting



Note: See "Environmental, Social and Governance" section for further information

# Transforming Our Generation Fleet



Data as of 6/30/2021. 2030 includes forecasted additions and retirements. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.

# Retirement Progress and Plans

Reduce coal generation by approximately 5,600 MW by 2030 and decrease coal net book value through retirements and depreciation. This creates the opportunity to own replacement wind, solar and natural gas resources.

2010

~24,800 MW<sup>1</sup>

2020

~12,100 MW<sup>1,2</sup>

2028E

~7,100 MW

2030E

~6,500 MW

2010 – 2020  
Retirements/Sales

2021-2030 Planned  
Retirements

YEAR	PLANT	CAPACITY	YEAR	PLANT	CAPACITY	YEAR	PLANT	CAPACITY
2011	Sporn 5	450 MW	2015	Tanners Creek 1-4	995 MW	2021	Dolet Hills	257 MW
2012	Conesville 3	165 MW	2016	Big Sandy 1	278 MW	2023	Pirkey	580 MW
2014	Beckjord	53 MW	2016	Clinch River 1 & 2	470 MW	2026	Northeastern 3	469 MW
2015	Big Sandy 2	800 MW	2016	Northeastern 4	470 MW	2028	Rockport 1	1,310 MW
2015	Clinch River 3	235 MW	2016	Welsh 2	528 MW	2028	Rockport 2	1,310 MW
2015	Glen Lyn 5 & 6	335 MW	2017	Gavin 1 & 2	2,640 MW	2028	Welsh	1,053 MW
2015	Kammer 1-3	630 MW	2017	Zimmer	330 MW	2030	Cardinal	595 MW
2015	Kanawha River 1 & 2	400 MW	2018	Stuart 1-4	600 MW			
2015	Muskingum River 1-5	1,440 MW	2019	Conesville 5 & 6	820 MW			
2015	Picway 5	100 MW	2020	Conesville 4	651 MW			
2015	Sporn 1-4	600 MW	2020	Oklaunion	460 MW			


5,574 MW  
Reduction  
in  
Coal  
Capacity  
from 2020  
46%


<sup>1</sup> Total includes owned coal units and the Rockport 2 lease


<sup>2</sup> Includes 2012 Turk Plant addition

# Future Forward - Advancing Towards a Clean Energy Future

## Projected Regulated Resource Additions

SOLAR ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Solar Opportunity
APCo	210	450	660	710	(50)
I&M	450	450	900	1,300	(400)
KPCo	150	300	450	273	177
PSO	1,350	2,250	3,600	1,211	2,389
SWEPCO	300	-	300	300	-
<b>Total</b>	<b>2,460</b>	<b>3,450</b>	<b>5,910</b>	<b>3,794</b>	<b>2,116</b>

WIND ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Wind Opportunity
APCo	1,800 <sup>1</sup>	-	1,800 <sup>1</sup>	600	1,200 <sup>1</sup>
I&M	800	-	800	750	50
KPCo	500	500	1,000	200	800
PSO	1,975 <sup>2</sup>	1,300	3,275 <sup>2</sup>	1,275 <sup>2</sup>	2,000
SWEPCO	2,310 <sup>2</sup>	1,500	3,810 <sup>2</sup>	1,410 <sup>2</sup>	2,400
<b>Total</b>	<b>7,385<sup>2</sup></b>	<b>3,300</b>	<b>10,685<sup>2</sup></b>	<b>4,235<sup>2</sup></b>	<b>6,450</b>

NATURAL GAS ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Nat. Gas Opportunity
I&M	-	952	952	824	128
PSO	-	251	251	783	(532)
SWEPCO	-	1,063	1,063	-	1,063
<b>Total</b>	<b>-</b>	<b>2,266</b>	<b>2,266</b>	<b>1,607</b>	<b>659</b>

<sup>1</sup> Includes 600 MW at WPCo

<sup>2</sup> Includes 1,485 MW North Central Wind project (675 MW at PSO and 810 MW at SWEPCO)

### TOTAL PROJECTED RESOURCE ADDITIONS (MW)

Resource	2021-2030
Solar	5,910
Wind	10,685
Natural Gas	2,266
<b>Total</b>	<b>18,861</b>

**Total regulated renewable opportunity of 16.6 GW by 2030**

**An 8.6 GW increase since 2020 EEI update**

Projected regulated resource additions current as of 6/30/2021. AEP operating companies will continue to develop Integrated Resource Plans (IRPs) over the near-term and long-term in collaboration with stakeholders.

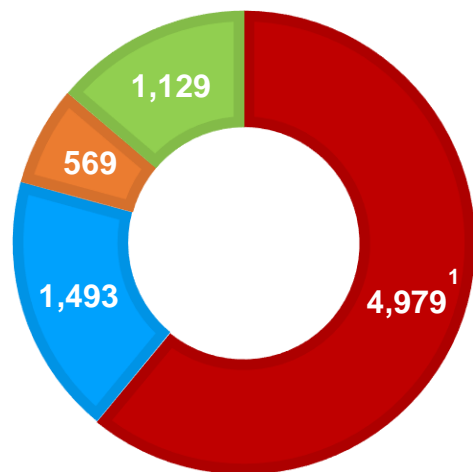
# Future Forward - Advancing Towards a Clean Energy Future

~8 GW of planned retirements and expiring PPAs over the next 10 years

Capacity need plus economic energy opportunity

**Total regulated renewable opportunity of 16.6 GW by 2030**

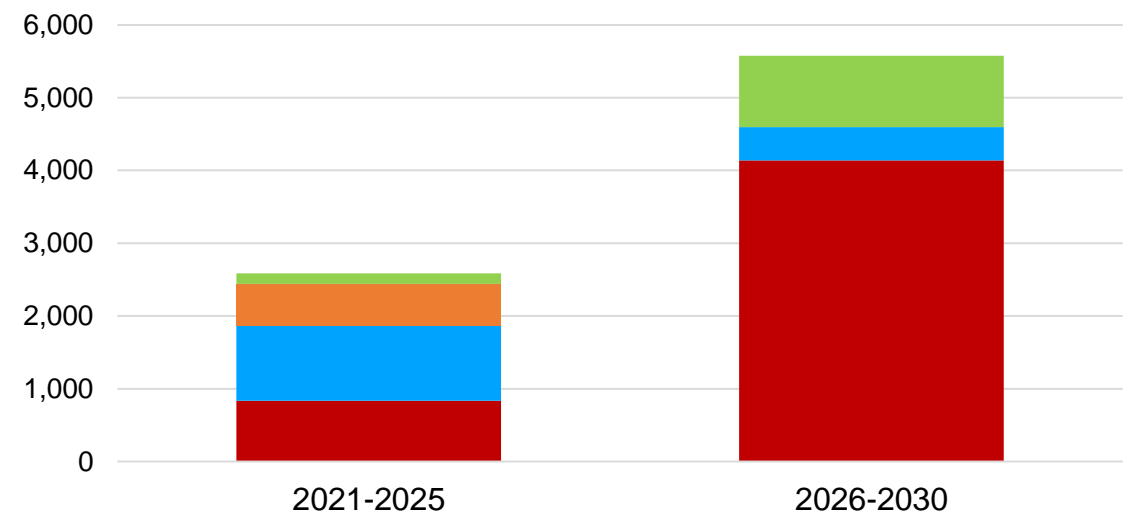
Regulated Generation Retirement and PPA Expirations (MW) 2021-2030



■ Coal ■ Natural Gas ■ Natural Gas PPAs ■ Wind PPAs

~8 GW of planned retirements and expiring PPAs over next 10 years driving capacity needs

AEP Regulated Operating Companies Projected Retirement and PPA Expirations (MW)



■ Coal ■ Natural Gas ■ Gas PPA ■ Wind PPA

**Of the 16.6 GW of renewables opportunities identified, ~2 GW<sup>2</sup> are in AEP's 2021-2025 capital plan.**

**To date, requests for proposals (RFPs) have been issued for 3.7 GW<sup>3</sup> of owned renewable resources.**

<sup>1</sup> Does not include retirement of the 595 MW Cardinal plant in 2030 which is part of AEP's unregulated generation fleet

<sup>2</sup> Primarily inclusive of the 1,485 MW North Central Wind project and 2020/2021 RFPs issued at APCo for 355 MW related to the Virginia Clean Economy Act

<sup>3</sup> Represents 2020/2021 RFPs issued at APCo for 355 MW and 2021 RFP issued at SWEPCO for 3.3 GW

# North Central Wind Overview



## APPROVED MW ALLOCATION

Jurisdiction (Docket #)	MW	% of Project
PSO (PUD 2019-00048)	675	45.5%
SWEPCO – AR (19-035-U)	268	18.1%
SWEPCO – LA (U-35324)	464	31.2%
SWEPCO - FERC	78	5.2%
Total:	1,485	100%

## SWEPCO AND PSO REGULATED WIND INVESTMENT

Total Rate Base Investment	~\$2 billion (1,485 MW)			
North Central Wind	<u>Name</u>	<u>MW</u>	<u>Estimated Investment</u>	<u>Target Date</u>
	Sundance	199	\$300M	Apr. 2021 (100% PTC)
	Maverick	287	\$400M	Dec. 2021 (80% PTC)
	Traverse	999	\$1,300M	Dec. 2021 to Apr. 2022 (80% PTC)
Net Capacity Factor	44%			
Customer Savings	~\$3 billion (30-year nominal \$)			
Developer	Invenergy			
Turbine Supplier	GE			

Note: Facilities acquired on a fixed cost, turn-key basis at completion

**Regulatory approvals achieved in  
Oklahoma, Louisiana, Arkansas and at  
FERC**

# O&M Optimization

INITIATIVES	ACTIONS
Achieving Excellence Program	<ul style="list-style-type: none"> <li>• Employee based O&amp;M prioritization and optimization effort</li> <li>• Driven down costs in 2020 and beyond, initial results imbedded in budgets</li> <li>• Program was transitioned from EHS partners to internal resources and will continue annually</li> <li>• 2021 Program – New O&amp;M savings ideas, evaluation of further study ideas and Future of Work opportunities</li> <li>• Future of Work – Optimization of Value Streams (end-to-end work flow)</li> </ul>
Lean Management System Implementation/Continuous Process Improvement	<ul style="list-style-type: none"> <li>• Distribution – Enhanced reliability to reduce O&amp;M and improve storm hardening</li> <li>• Supply chain – Optimize the material requisition process to improve material lead times, reducing stock and increasing crew productivity</li> <li>• Fleet operations – Reduce the number of vehicle platforms and optimize the acquisition process</li> <li>• Generation (system productivity) – Optimize plant systems and operations</li> </ul>
Data Analytics	<ul style="list-style-type: none"> <li>• Workforce optimization – Employee/contractor mix</li> <li>• Hot socket model – Using AMI data to preemptively identify meters at risk</li> <li>• Revenue protection – Detecting meter tampering</li> <li>• Frequency regulation – Analysis of PJM bidding strategies</li> </ul>
Automation	<ul style="list-style-type: none"> <li>• Scrap metal billing and management</li> <li>• Service Corp billing allocation factors</li> <li>• No-bill workflow assignment process</li> <li>• Customer workflow scheduling</li> </ul>
Digital Tools	<ul style="list-style-type: none"> <li>• Generation Monitoring and Diagnostic Center – Predictive capabilities that save O&amp;M and capital</li> </ul>
Use of Drones	<ul style="list-style-type: none"> <li>• Storm damage assessment</li> <li>• Real estate and land surveys</li> <li>• Transmission facility inspections, construction monitoring and documentation</li> <li>• Telecommunication tower inspections</li> <li>• Cooling tower and boiler inspections</li> </ul>
Outsourcing	<ul style="list-style-type: none"> <li>• Accounting and tax initiative</li> <li>• Rapid application and information support</li> <li>• Lockbox for customer payments by check</li> </ul>
Workforce Planning	<ul style="list-style-type: none"> <li>• Approximately 4,000 employees will retire or leave in the next 5 years</li> </ul>
Strategic Sourcing	<ul style="list-style-type: none"> <li>• Reducing cost through procurement category management – Continuing to mature our Category Management program and aggressively using strategic sourcing opportunities to optimize the value AEP receives from the \$6B spent annually on goods and services</li> </ul>

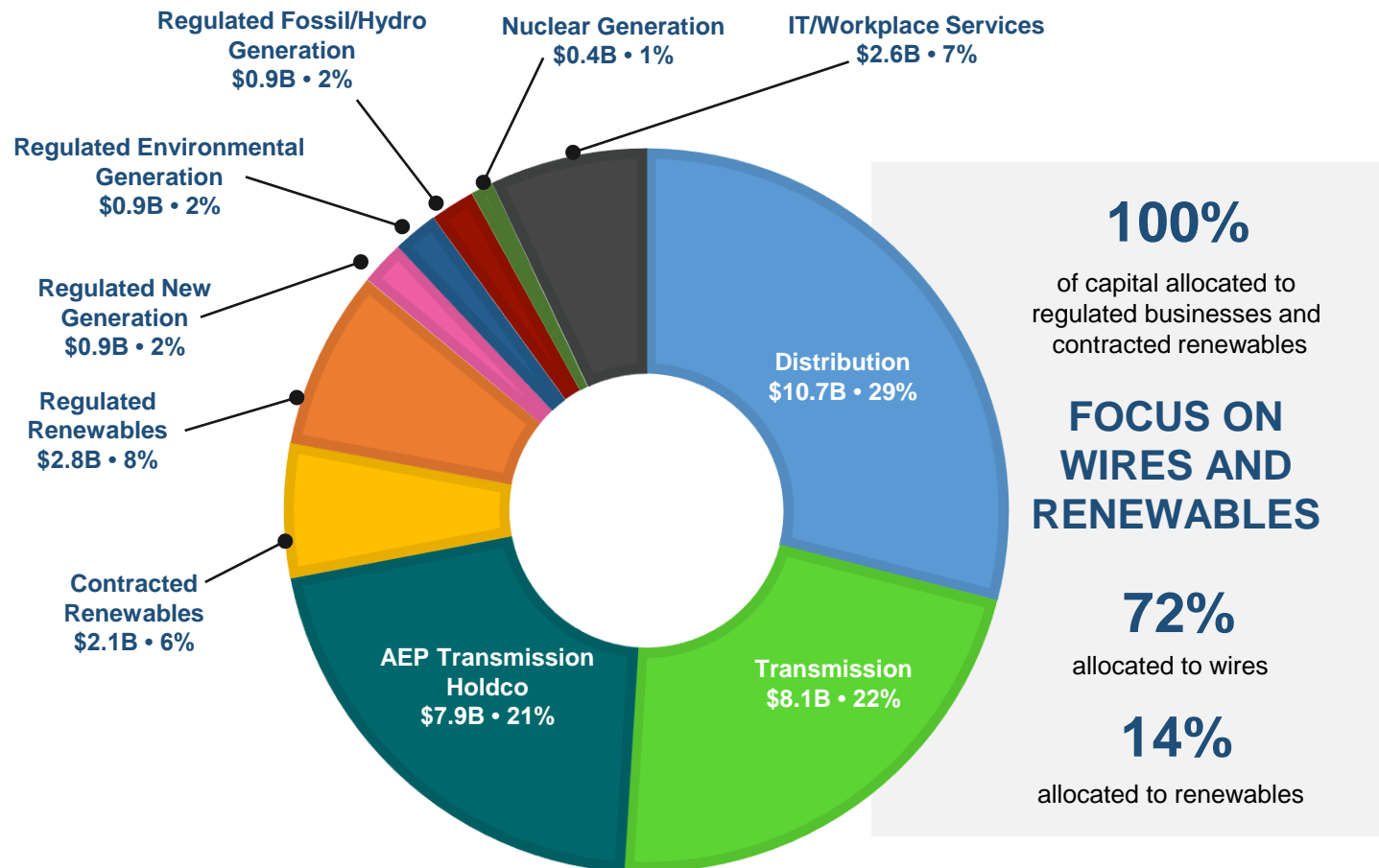
# POSITIONING FOR THE FUTURE

- 2021-2025 Capital Forecast
- Cash Flows and Financial Metrics
- Rate Base Growth
- Efficient Cost Recovery Mechanisms



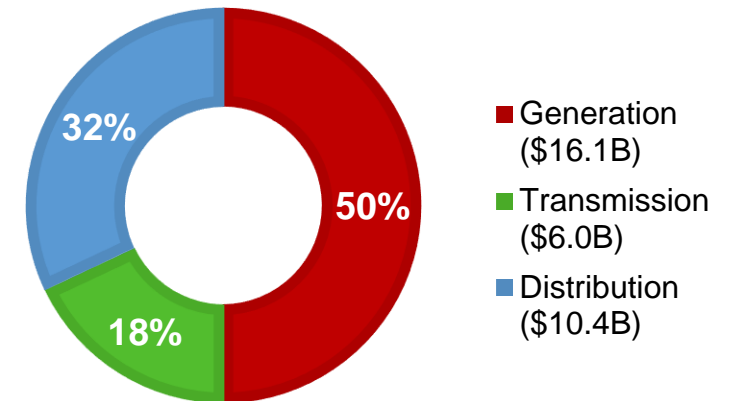
# 2021 - 2025 Capital Forecast of \$37B and Net Plant

## 2021-2025 Capital Forecast

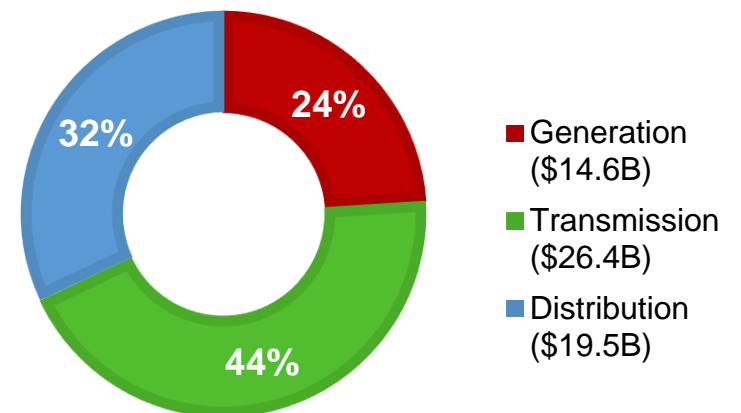


## Historical Net Plant Profiles

### 2010 (Total \$32.5B)



### 2020 (Total \$60B)



# 2021-2025 Capital Forecast by Subsidiary

\$ in millions (excludes AFUDC)	2021E	2022E	2023E	2024E	2025E	TOTAL
Appalachian Power Company	\$ 878	\$ 1,182	\$ 986	\$ 916	\$ 1,002	\$ 4,964
Wheeling Power Company	\$ 37	\$ 68	\$ 65	\$ 38	\$ 32	\$ 240
Kingsport Power Company	\$ 21	\$ 20	\$ 19	\$ 18	\$ 18	\$ 96
Indiana Michigan Power Company	\$ 575	\$ 547	\$ 965	\$ 603	\$ 717	\$ 3,407
Kentucky Power Company	\$ 176	\$ 219	\$ 189	\$ 183	\$ 231	\$ 998
AEP Ohio	\$ 819	\$ 758	\$ 787	\$ 874	\$ 820	\$ 4,058
Public Service Company of Oklahoma	\$ 726	\$ 1,130	\$ 467	\$ 376	\$ 920	\$ 3,619
Southwestern Electric Power Company	\$ 848	\$ 1,101	\$ 519	\$ 561	\$ 634	\$ 3,663
AEP Texas Company	\$ 1,225	\$ 1,094	\$ 1,072	\$ 1,293	\$ 1,385	\$ 6,069
AEP Generating Company	\$ 32	\$ 25	\$ 20	\$ 19	\$ 19	\$ 115
AEP Transmission Holdco	\$ 1,597	\$ 1,406	\$ 1,337	\$ 1,638	\$ 1,909	\$ 7,887
Generation & Marketing	\$ 501	\$ 412	\$ 415	\$ 418	\$ 348	\$ 2,094
Other	\$ 32	\$ 25	\$ 24	\$ 17	\$ 2	\$ 100
Total Capital and Equity Contributions	\$ 7,467	\$ 7,987	\$ 6,865	\$ 6,954	\$ 8,037	\$ 37,310

Capital plans are continuously optimized which may result in redeployment between functions and companies

# Cash Flows and Financial Metrics

\$ in millions	2021E	2022E	2023E
Cash from Operations	\$ 3,800	\$ 6,000	\$ 6,400
Capital and JV Equity Contributions <sup>1</sup>	(7,500)	(8,000)	(6,900)
Other Investing Activities	(300)	(300)	(300)
Common Dividends <sup>2</sup>	(1,400)	(1,500)	(1,500)
Required Capital	<b>\$ (5,400)</b>	<b>\$ (3,800)</b>	<b>\$ (2,300)</b>
<b>Financing</b>			
Required Capital	\$ (5,400)	\$ (3,800)	\$ (2,300)
Debt Maturities (Senior Notes, PCRBs)	(2,000)	(3,000)	(1,400)
Securitization Amortizations	(100)	(100)	(100)
Equity Units Conversion	-	805	850
Equity Issuances – Includes DRP <sup>3</sup>	600	1,400	100
<b>Debt Capital Market Needs (New)</b>	<b>\$ (6,900)</b>	<b>\$ (4,695)</b>	<b>\$ (2,850)</b>
<b>Financial Metrics</b>			
Debt to Capitalization (GAAP)	Approximately 60%		
FFO/Total Debt (Moody's)	2021 pressured by Storm Uri; long-term target remains at low to mid teens		

<sup>1</sup> Capital expenditures in 2021 include approximately \$700M for North Central Wind's Sundance and Maverick projects. Expenditures in 2022 include approximately \$1.3B for North Central Wind's Traverse project.

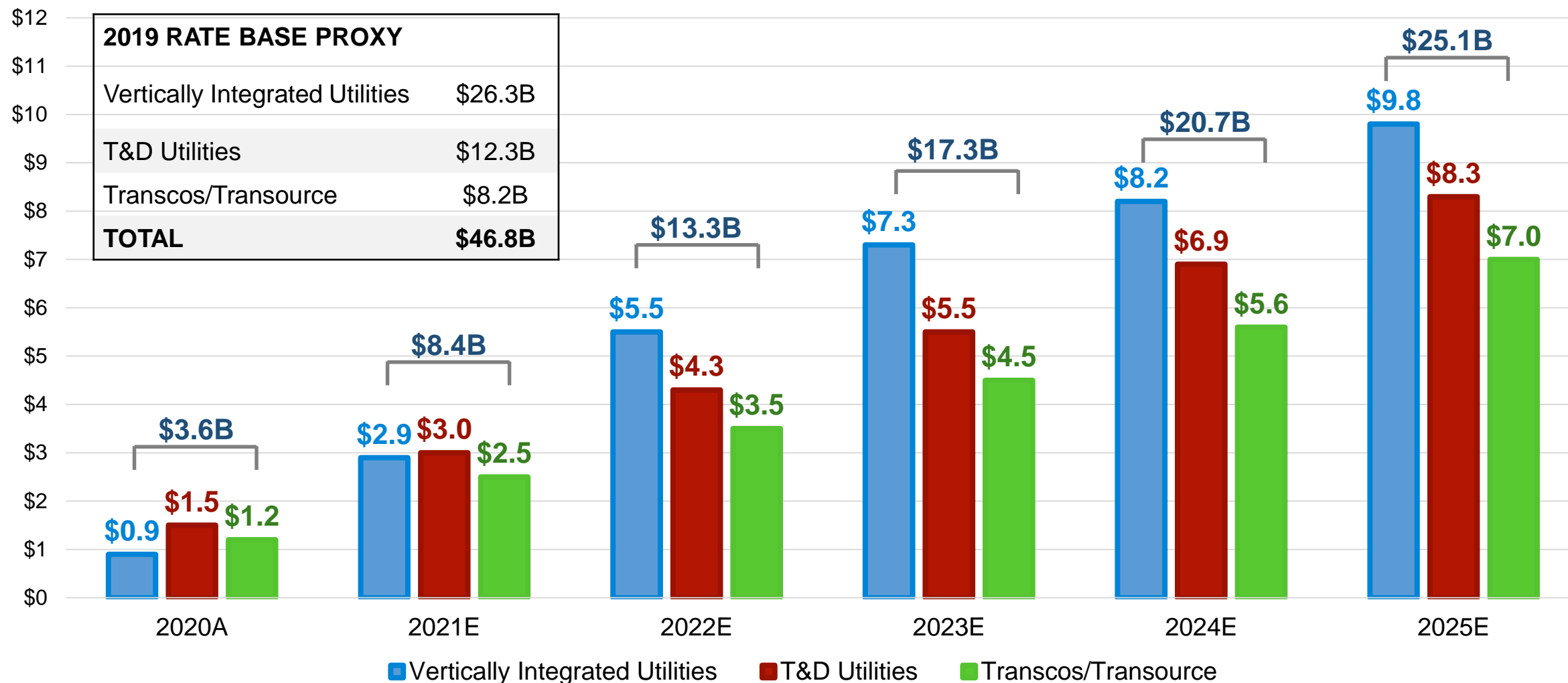
<sup>2</sup> Common dividends increased to \$0.74 per share Q4-20; \$2.96/share 2021-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

<sup>3</sup> Equity needs in 2021 include approximately \$500M for North Central Wind's Sundance and Maverick projects. Equity needs in 2022 include approximately \$800M for North Central Wind's Traverse project. Total equity needs for the project are \$1.3B.

Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.

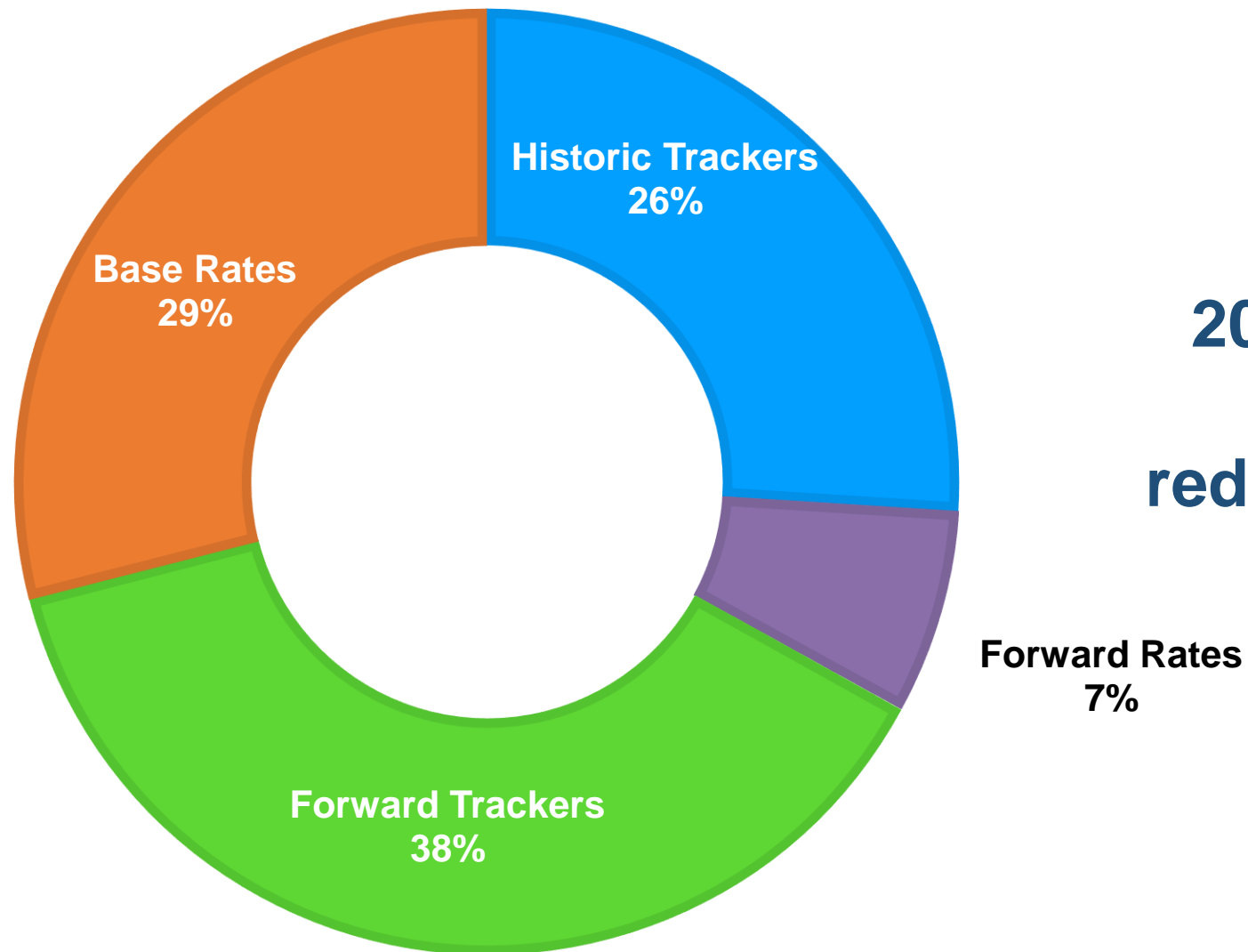
# 7.4% CAGR in Rate Base Growth

## CUMULATIVE CHANGE FROM 2019 BASE



5%-7% EPS growth is predicated on regulated rate base growth

# Efficient Cost Recovery Mechanisms



**More than 70% of  
2021-2025 capital plan  
recovered through  
reduced lag mechanisms**

# FINANCIAL INFORMATION

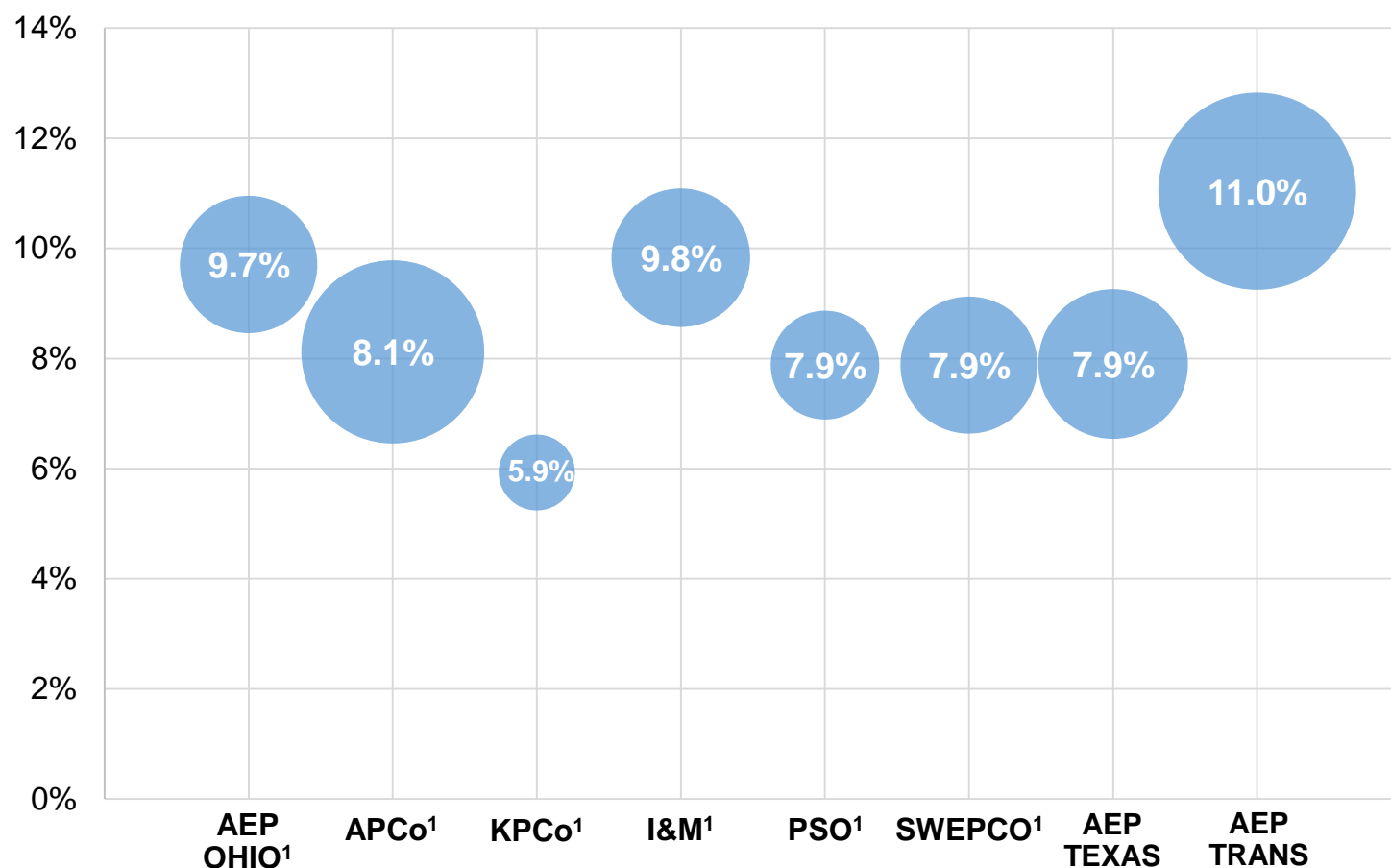
- Regulated Returns and Authorized Equity Layers
- Current Rate Case Activity
- Normalized Load Trends
- Capitalization and Liquidity
- 2021 Debt Issuances and Maturities
- Credit Ratings

```
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[cpu] done / negative / error 001  
[cpu] error / error / restart  
[cpu] done / done / access / complete / operation 122 334  
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[cpu] negative / analyzing / operation 552 390  
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# Regulated Returns and Authorized Equity Layers

**Twelve Months Ended 6/30/2021 Earned ROE's**  
(non-GAAP operating earnings, not weather normalized)



**Regulated Operations ROE of 9.0%**  
(as of June 30, 2021)

<sup>1</sup> Base rate cases pending/order recently received

<sup>2</sup> 6/30/2021 data represents equity layers as requested in pending base rate cases

*Sphere size based on each company's relative equity balance*

**Authorized Equity Layers**  
(in whole percentages)

Operating Company	6/30/17	6/30/21	Improvement
AEP Ohio <sup>2</sup>	48%	54%	6%
APCo – VA	43%	50%	7%
APCo – WV	47%	50%	3%
PSO <sup>2</sup>	44%	53%	9%
SWEPCO – AR	46%	48%	2%
SWEPCO – LA <sup>2</sup>	47%	51%	4%
AEP Texas	40%	43%	3%
AEP Transmission	50%	55%	5%

**Improving Our  
Authorized Equity  
Layers Over Time**

# Current Rate Case Activity

## AEP Ohio

Docket #	20-0585-EL-AIR
Filing Date	6/1/2020
Requested Revenue Increase	\$402M
Requested Rate Base	\$3.105B
Requested ROE	10.15%
Cap Structure	45.6%D / 54.4%E
Net Revenue Increase	\$41M <sup>1</sup>
Test Year	11/30/2020
<b><u>Settlement Summary</u></b>	
	Pending Commission Approval
Settlement Filed	3/12/2021
Settlement Hearing	5/12/2021
Revenue Increase	\$295M
Rate Base	\$3.088B
ROE	9.7%
Cap Structure	45.6%D / 54.4%E
Net Revenue Decrease	\$64M <sup>1</sup>
Expected Commission Order	Q3-21

<sup>1</sup> Approximately \$60M of the filed vs. settled difference reflects the discontinuation of EE/DSM programs and movement of certain items from base rates to riders; no earnings impact.



## APCo - Virginia

Docket #	PUR-2020-00015
Filing Date	3/31/2020
Requested Rate Base	\$2.5B
Requested ROE	9.9%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$65M (Less \$27M D&A)
Net Revenue Increase	\$38M
Test Year	12/31/2019
<b><u>Commission Order Summary<sup>2</sup></u></b>	
Order Received	11/24/2020
Effective Date	1/23/2021
ROE	9.2%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$0M (Less \$25.5M D&A)
Net Revenue Decrease	\$25.5M

<sup>2</sup> APCo immediately filed an appeal of the commission order with the Virginia Supreme Court. While the court declined to expedite the appeal schedule and grant interim rates, the appeal remains on the normal timeline with a result expected in 2022.



# Current Rate Case Activity

## I&M - Indiana

Docket #	45576
Filing Date	7/1/2021
Requested Rate Base	\$5.2B
Requested ROE	10.0%
Cap Structure	49.1%D / 50.9%E
Gross Revenue Increase	\$104M (Less \$7M D&A)
Net Revenue Increase	\$97M
Test Year	2022 Forecasted
<u>Procedural Schedule</u>	
Intervenor Testimony	10/12/2021
Rebuttal Testimony	11/9/2021
Hearing	12/2/2021
Expected Commission Order	Q2-22



## KPCo

Docket #	2020-00174
Filing Date	6/29/2020
Requested Rate Base	\$1.4B
Requested ROE	10%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$65M
Test Year	3/31/2020
<u>Commission Order Summary</u> <sup>1</sup>	
Order Received	1/13/2021
Effective Date	1/14/2021
ROE	9.3%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$52M

<sup>1</sup> On 3/12/2021, KPCo filed an appeal with the Franklin County Circuit Court, Commonwealth of Kentucky, related to basic rate design items.



## PSO

Docket #	202100055
Filing Date	4/30/2021
Requested Rate Base	\$3.293B
Requested ROE	10.0%
Cap Structure	47.0%D / 53.0%E
Gross Revenue Increase	\$172M <sup>2</sup> (Less \$57M D&A)
Net Revenue Increase	\$115M
Test Year	12/31/2020
<u>Procedural Schedule</u>	
Hearing	9/28/2021
Expected Commission Order	Q4-21

<sup>2</sup> Does not include \$71M of current riders moving to base rates



# Current Rate Case Activity

## SWEPCO – Arkansas<sup>1</sup>

Docket #	21-070-U
Filing Date	7/23/2021
Requested Rate Base	\$1.56B
Requested ROE	10.35%
Cap Structure	48.7%D / 51.3%E
Gross Revenue Increase	\$85M (Less \$29M D&A)
Net Revenue Increase	\$56M
Test Year	4/30/2021 <sup>2</sup>
Expected Effective Date	Q2-22

<sup>1</sup> This filing provides notice of re-election for rate regulation under a formula rate review mechanism

<sup>2</sup> Includes adjustments for reasonably known and measurable changes through 4/30/2022, including North Central Wind



## SWEPCO - Louisiana

Docket #	U-35441
Filing Date	12/18/2020
Requested Rate Base	\$2.1B
Requested ROE	10.35%
Cap Structure	49.2%D / 50.8%E
Gross Revenue Increase	\$114M (Less \$41M D&A)
Net Revenue Increase	\$73M
Test Year	12/31/2019 <sup>3</sup>
<u>Procedural Schedule</u>	
Rebuttal Testimony	9/27/2021
Hearing	1/18/2022
Expected Commission Order	Q2/Q3-22

<sup>3</sup> Includes proposed pro-forma adjustment to plant in-service through 12/31/2020



## SWEPCO - Texas

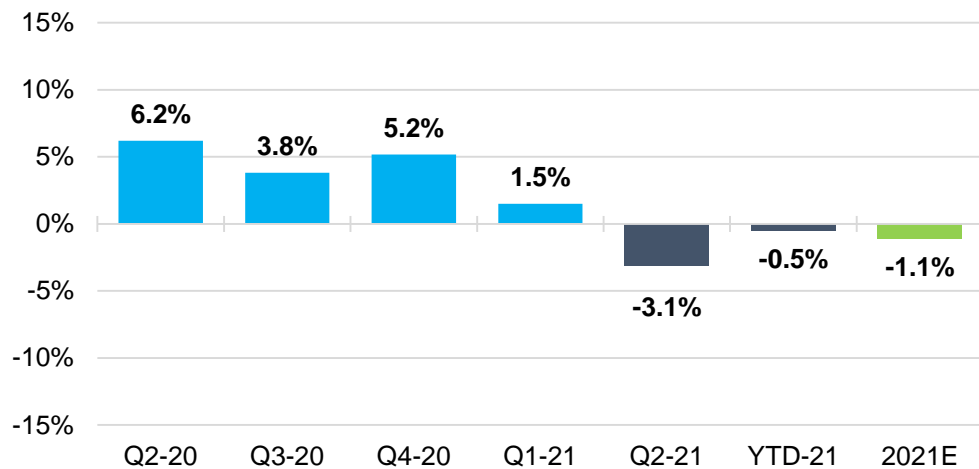
Docket #	51415
Filing Date	10/13/2020
Requested Rate Base	\$2.0B
Requested ROE	10.35%
Cap Structure	50.6%D / 49.4%E
Gross Revenue Increase	\$90M <sup>4</sup> (Less \$17M D&A)
Net Revenue Increase	\$73M
Test Year	3/31/2020
<u>Procedural Schedule</u>	
Expected Commission Order	Q4-21

<sup>4</sup> Does not include \$15M of current riders moving to base rates

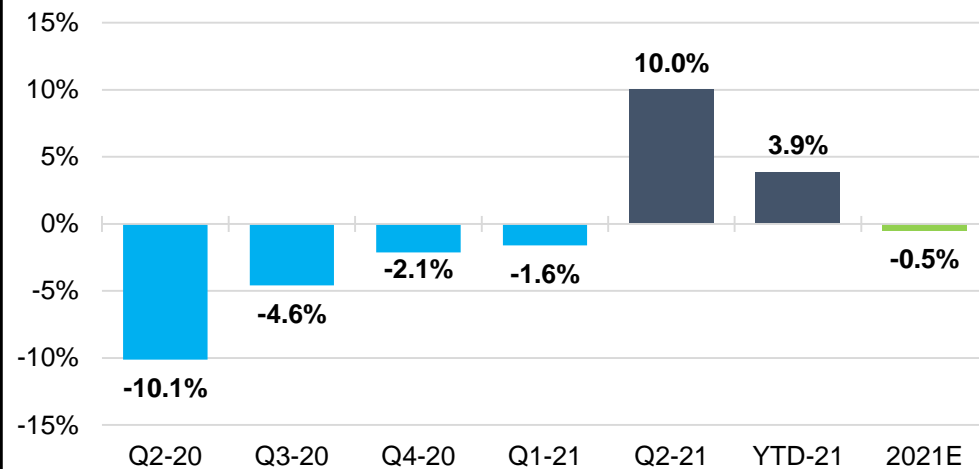


# Weather Normalized Billed Retail Load Trends

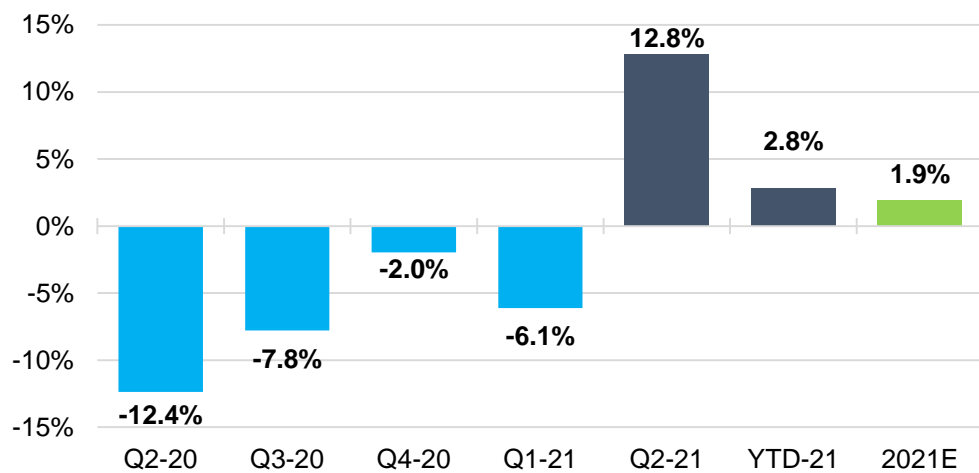
**AEP Normalized Residential GWh Sales**  
% Change vs. Prior Year



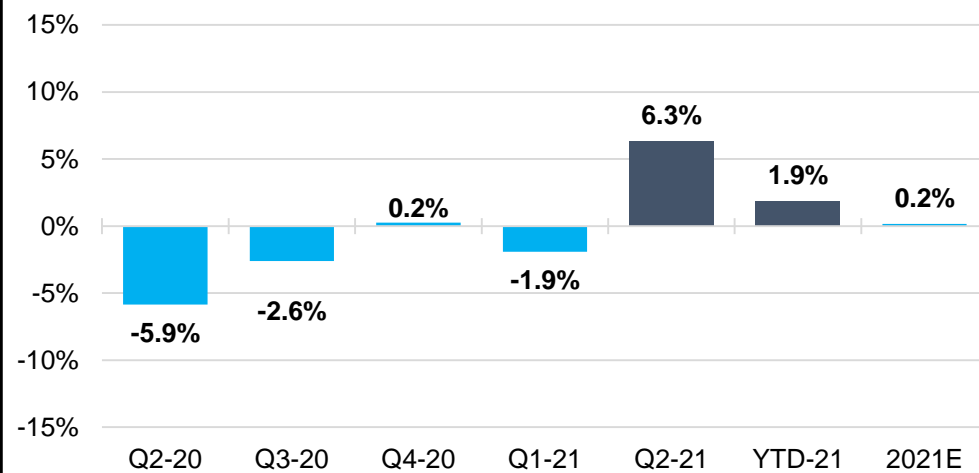
**AEP Normalized Commercial GWh Sales**  
% Change vs. Prior Year



**AEP Normalized Industrial GWh Sales**  
% Change vs. Prior Year



**AEP Total Normalized GWh Sales**  
% Change vs. Prior Year

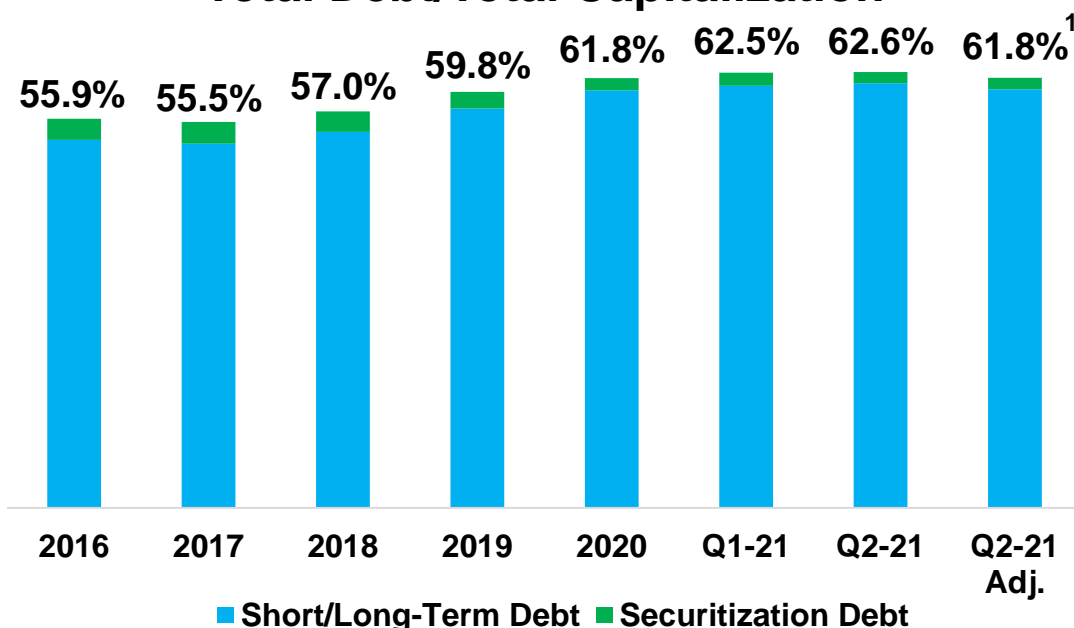


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

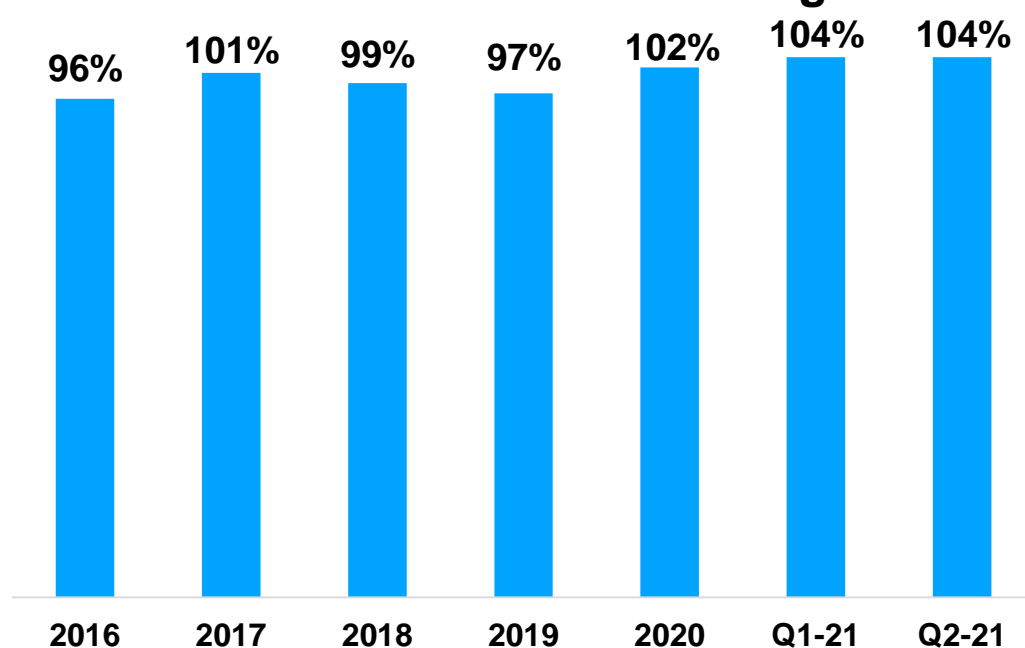
Note: Q2-20 GWh sales were primarily at the trough of the COVID-19 recession in comparison to Q2-21 GWh sales.

# Capitalization and Liquidity

## Total Debt/Total Capitalization



## Qualified Pension Funding



## Credit Statistics

	Moody's	GAAP
FFO to Total Debt	9.3%	9.2%
Adj FFO to Total Debt <sup>1</sup>	12.8%	12.8%
Long-Term Target	Low to Mid Teens	

*Represents the trailing 12 months as of 6/30/2021*

## Liquidity Summary

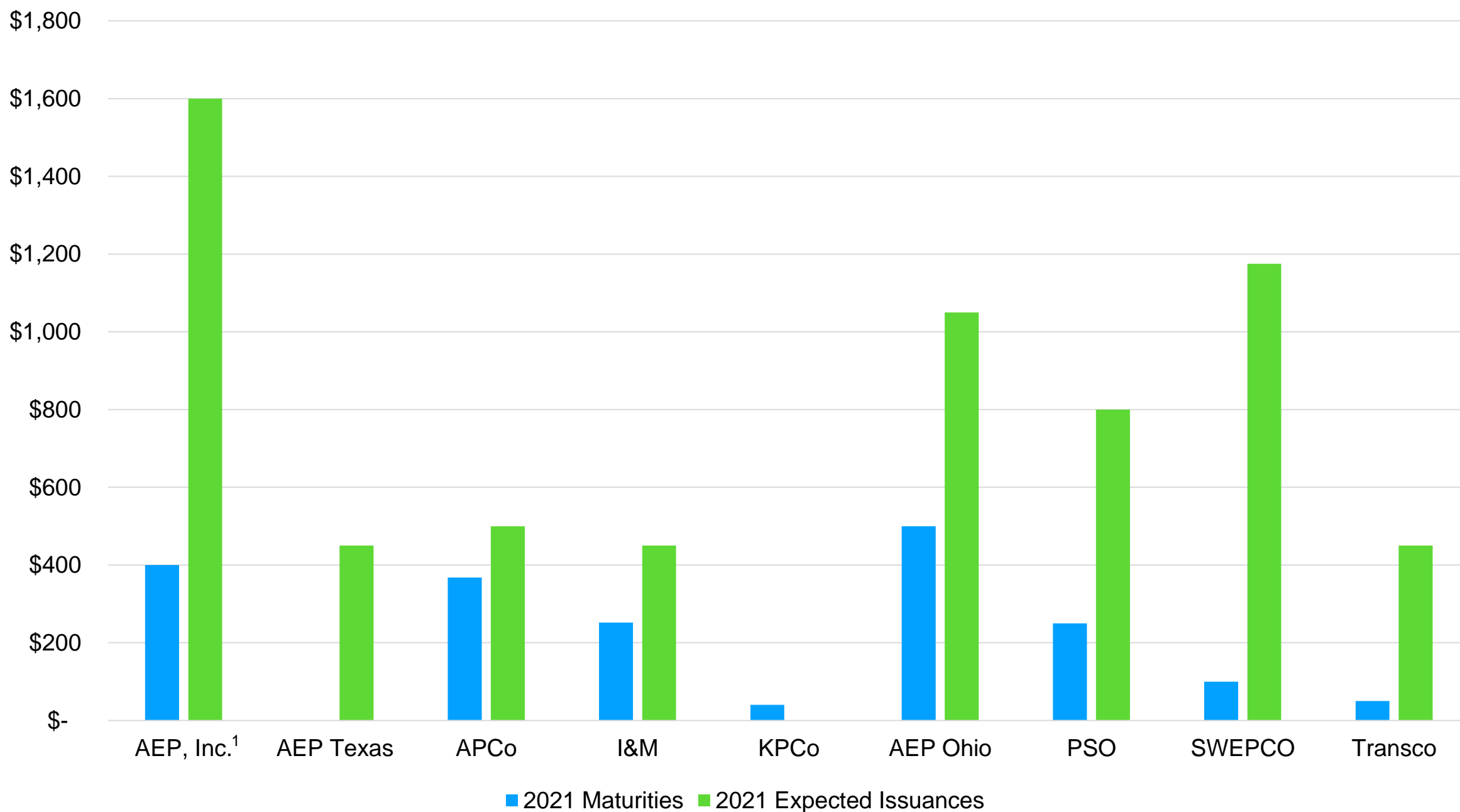
(\$ in millions)

	6/30/2021 Actual	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2026
Revolving Credit Facility	1,000	March 2023
364-Day Term Loan	500	March 2022
<b>Plus</b>		
Cash and Cash Equivalents	313	
<b>Less</b>		
Commercial Paper Outstanding	(2,050)	
364-Day Term Loan	(500)	
Letters of Credit Issued	-	
<b>Net Available Liquidity</b>	<b>\$ 3,263</b>	

<sup>1</sup> Adjusted data excludes impact of Storm Uri in February 2021 that resulted in significant fuel and purchased power costs at PSO and SWEPCO and related incurrence of debt as of 6/30/2021. AEP's credit metrics will see temporary pressure in 2021 as we work through the regulatory recovery process at PSO and SWEPCO. Management is in frequent contact with rating agencies to keep them apprised of all aspects of the business. AEP's long-term FFO to Total Debt target remains at low to mid teens.

# 2021 Debt Issuance and Maturities Overview

(\$ in millions)



<sup>1</sup> In November 2020, due to favorable market conditions, AEP Inc. issued \$1.5B senior unsecured notes and subsequently retired \$1B 364-day term loan, both of which were scheduled to occur in 2021. AEP Inc. maturities and expected issuances for 2021 are now \$400M and \$1.6B, respectively.

# Credit Ratings

## CURRENT RATINGS FOR AEP, INC. AND SUBSIDIARIES (as of 9/1/2021)

Company	Moody's		S&P		Fitch	
	Senior Unsecured	Outlook	Senior Unsecured	Outlook	Senior Unsecured	Outlook
American Electric Power Company Inc.	Baa2	S	BBB+	N	BBB+	N
AEP, Inc. Short Term Rating	P2	S	A2	N	F2	N
AEP Texas Inc.	Baa2	S	A-	N	BBB+	S
AEP Transmission Company, LLC	A2	S	A-	N	A	S
Appalachian Power Company <sup>1</sup>	Baa1	S	A-	N	A-	S
Indiana Michigan Power Company <sup>1</sup>	A3	S	A-	N	A-	S
Kentucky Power Company	Baa3	S	BBB+	Note 3	BBB+	S
AEP Ohio	A3	N	A-	N	A	N
Public Service Company of Oklahoma	Baa1	S	A-	N	A-	S
Southwestern Electric Power Company	Baa2	S	A-	N	BBB+	S
Transource Energy <sup>2</sup>	A2	S	NR	NR	NR	NR

<sup>1</sup> In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short term credit ratings of A-2/P2 from S&P/Moody's

<sup>2</sup> NR stands for Not Rated

<sup>3</sup> KPCo's rating with S&P is on "CreditWatch with developing implications" to reflect to company's potential sale and the uncertainty around its ultimate buyer and the buyer's credit profile

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- **Delivering Clean Energy Resources**
- **Emission Reduction Goals**
- **Investment in Environmental Controls**
- **Dramatic Reduction in Emissions**



# Delivering Clean Energy Resources

## AEP's June 30, 2021 Renewable Portfolio (in MW)

HYDRO, WIND, SOLAR AND PUMPED STORAGE	OWNED MW	PPA MW	TOTAL MW
AEP Ohio	-	209	209
Appalachian Power Company	785	575	1,360
Indiana Michigan Power Company	56	450	506
Public Service Company of Oklahoma	91	1,137	1,228
Southwestern Electric Power Company	108	469	577
Competitive Wind, Solar and Hydro	1,681	101	1,782
<b>TOTAL</b>	<b>2,721</b>	<b>2,941</b>	<b>5,662</b>



APPROXIMATELY  
**16,300 MW**  
OF RENEWABLE GENERATION INTERCONNECTED  
ACROSS THE U.S. VIA AEP'S TRANSMISSION  
SYSTEM TODAY

# Carbon Emission Reduction Goals

**80%**

**by 2030**

**Net Zero**

**by 2050**

(both from a 2000 baseline)

## AEP's Environmental, Social and Governance (ESG) Reporting:

- Corporate Accountability Report
- Climate Impact Analysis Report (a TCFD report)
- ESG Data Center (featuring 250+ ESG metrics)
- EEI ESG Sustainability Report
- Sustainability Accounting Standards Board (SASB)
- CDP Survey Responses
- GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

## Strategy to Achieve

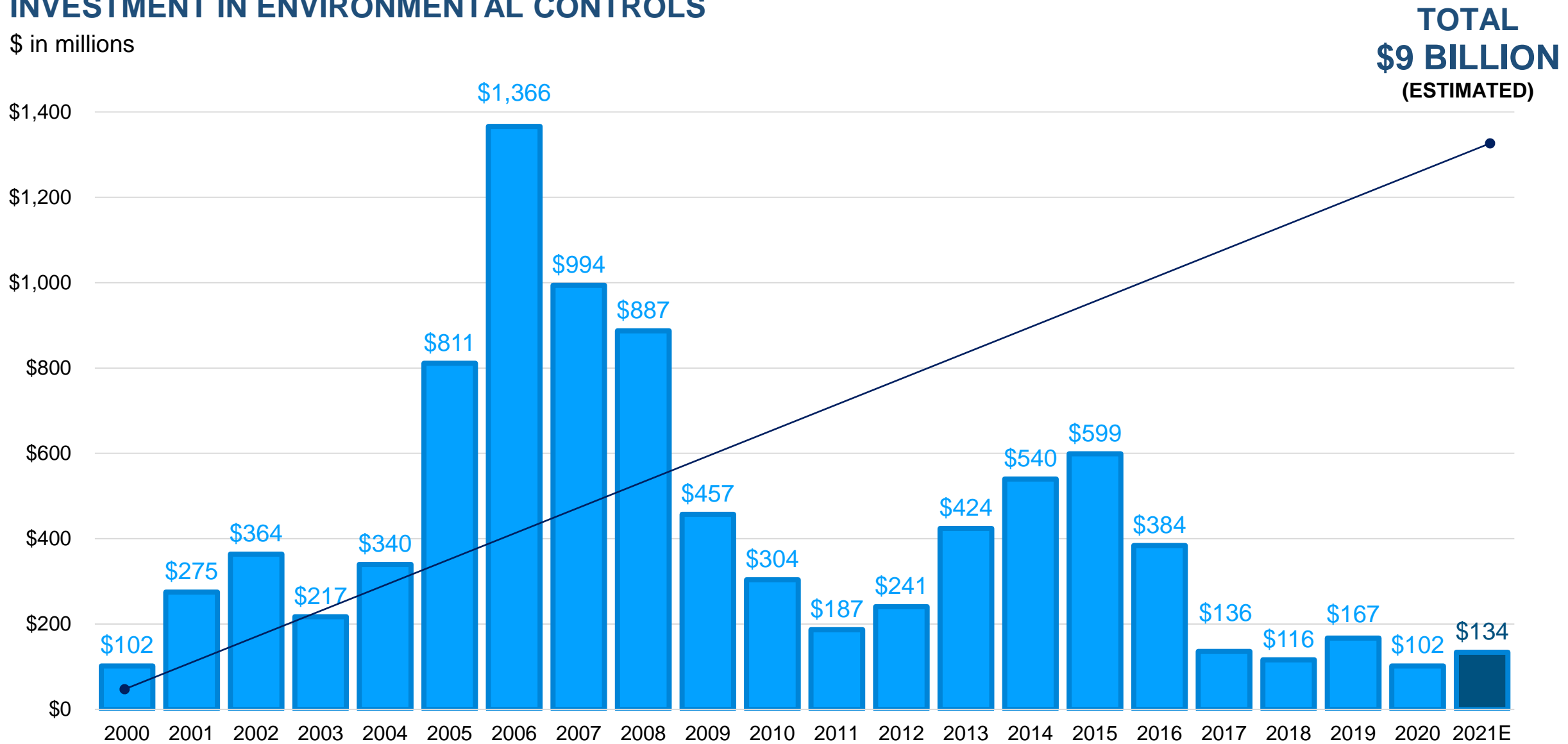
- ☐ Investments in renewable energy within and outside of our traditional service territory
- ☐ Technology deployment (e.g., energy storage)
- ☐ Modernization of the grid with significant investments in transmission and distribution
- ☐ Increased use of natural gas
- ☐ Optimization of our existing generating fleet
- ☐ Electrification



# Largest Investment in Environmental Controls

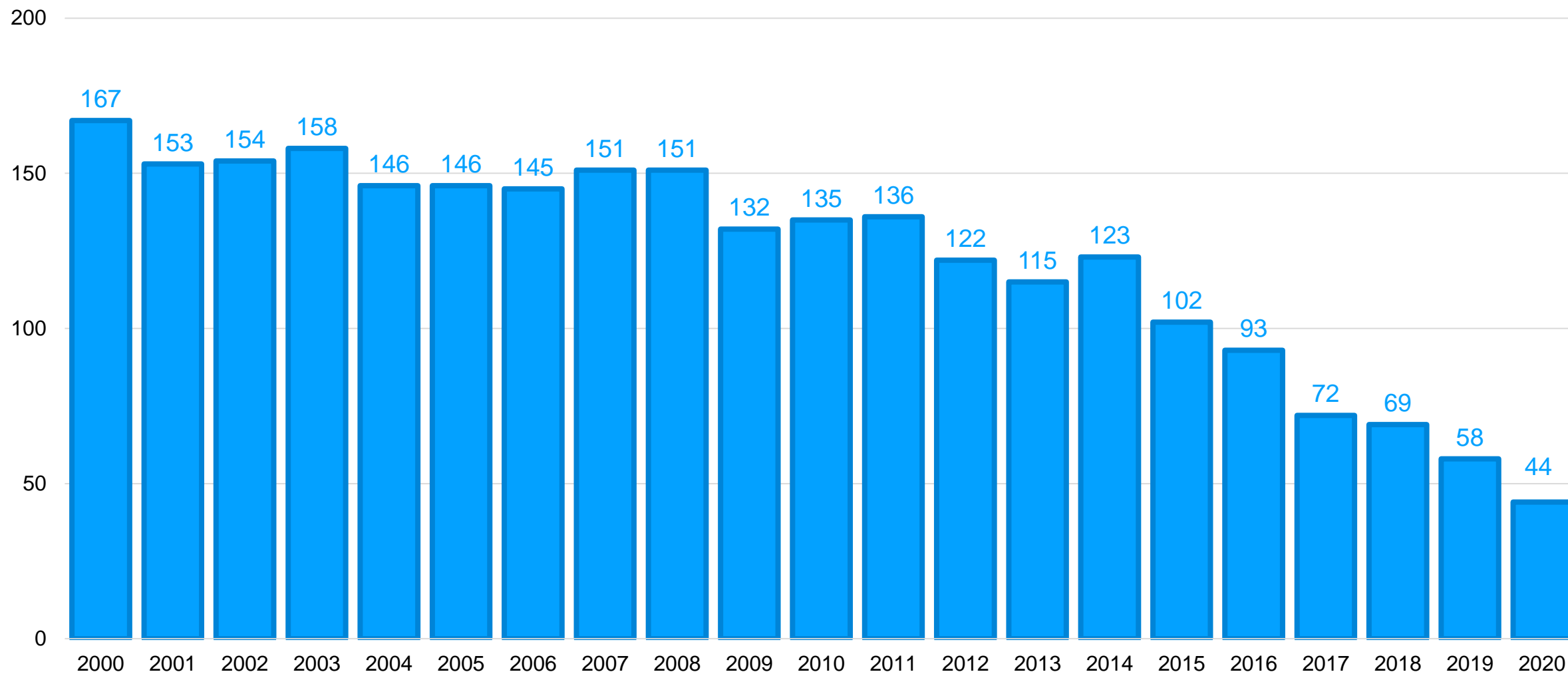
## INVESTMENT IN ENVIRONMENTAL CONTROLS

\$ in millions



# Dramatic Reductions in Emissions

## TOTAL AEP SYSTEM – ANNUAL CO<sub>2</sub> EMISSIONS in million metric tons



CO<sub>2</sub>

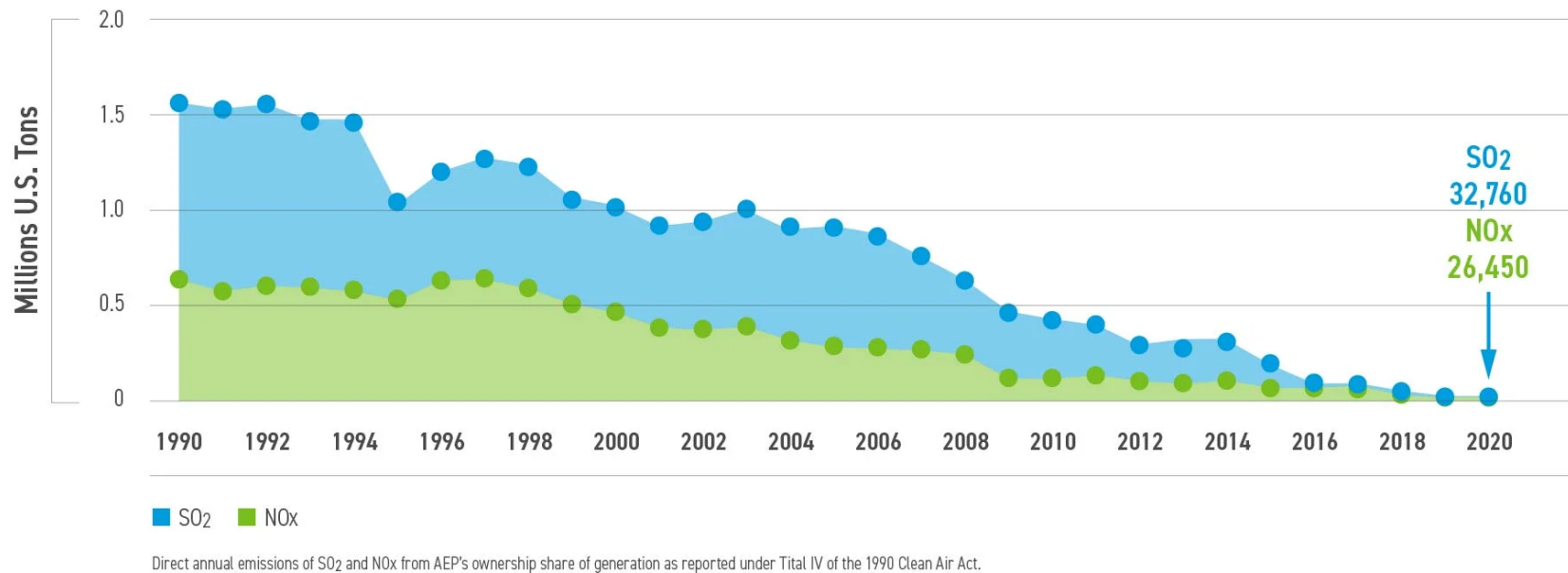
2000-2020  
ACTUAL

74%

Direct CO<sub>2</sub> emission from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act

# Dramatic Reductions in Emissions

Total AEP System NOx and SO<sub>2</sub> Emissions



1990-2020  
ACTUAL

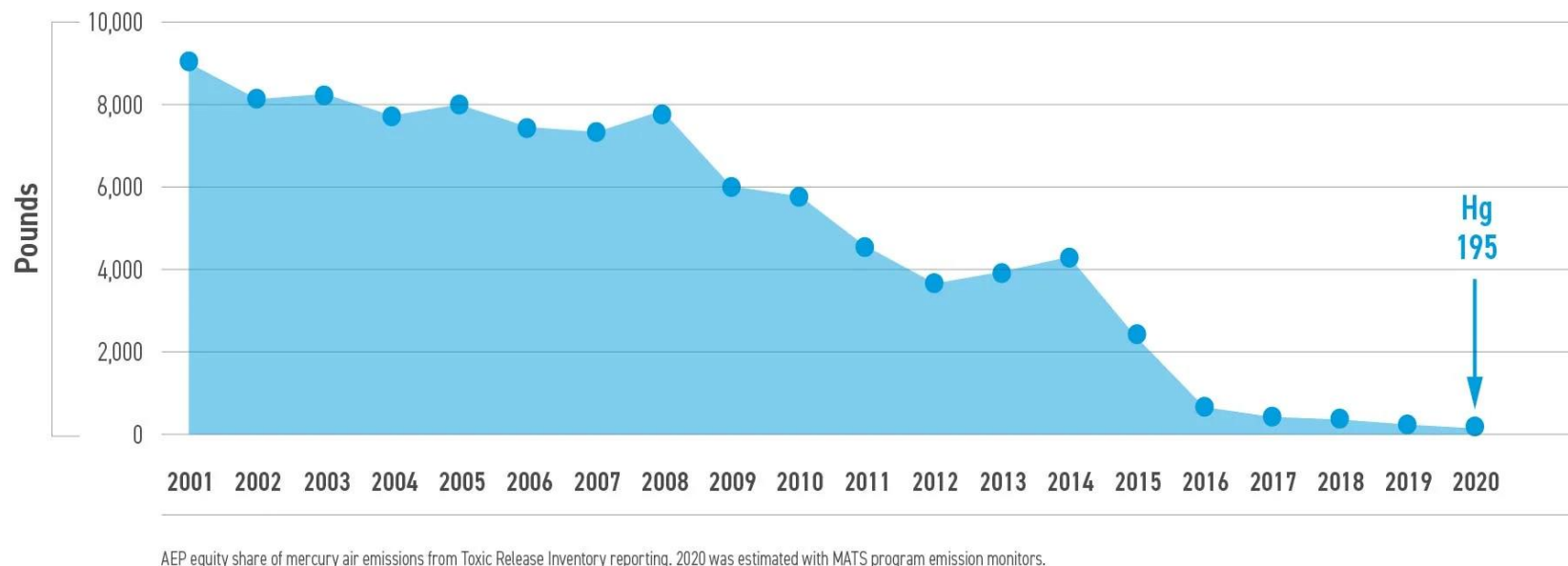
SO<sub>2</sub>

98%

NO<sub>x</sub>

96%

Total AEP System Mercury Air Emissions



2001-2020  
ACTUAL

Hg

98%

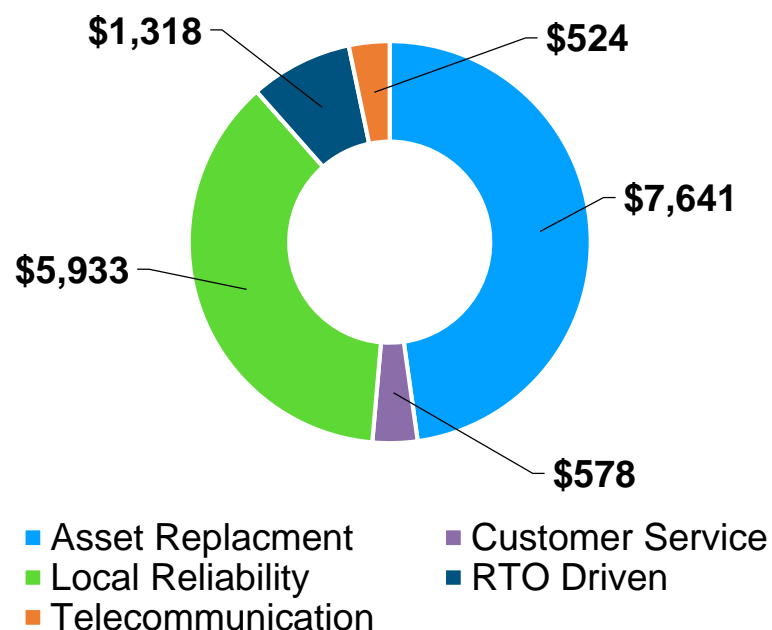
# TRANSMISSION TRANSFORMATION

- **Five-Year Capital Plan**
- **Investments in Asset Renewal**
- **Stable Cost Recovery Framework**
- **Transmission Customer and Shareholder Value**
- **Holdco Legal Entity Structure**



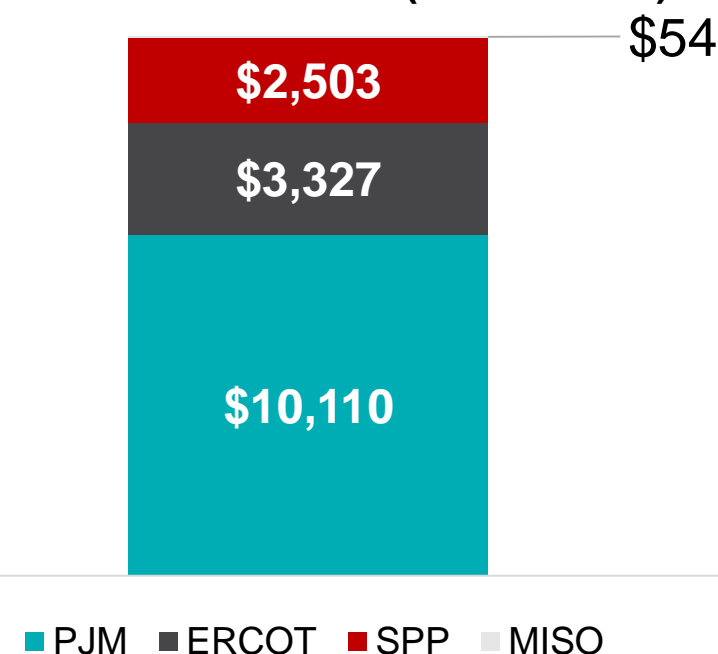
# Five-Year Transmission Capital Plan

2021-2025 TRANSMISSION INVESTMENT BY CATEGORY (\$ MILLIONS)



**\$16 Billion Investment Diversified In Four RTOs**

2021-2025 TRANSMISSION INVESTMENT BY RTO (\$ MILLIONS)



## INVESTMENT CATEGORIES

### DRIVERS

#### ASSET REPLACEMENT

- Replacement and rehabilitation investments based on age and performance to reduce customer outages and interruption times

#### LOCAL RELIABILITY

- Upgrades based on AEP standards to address thermal and voltage violations, and contingency conditions

#### RTO DRIVEN

- Upgrades needed to address RTO standards related to thermal voltage overloads and contingency conditions

#### CUSTOMER SERVICE

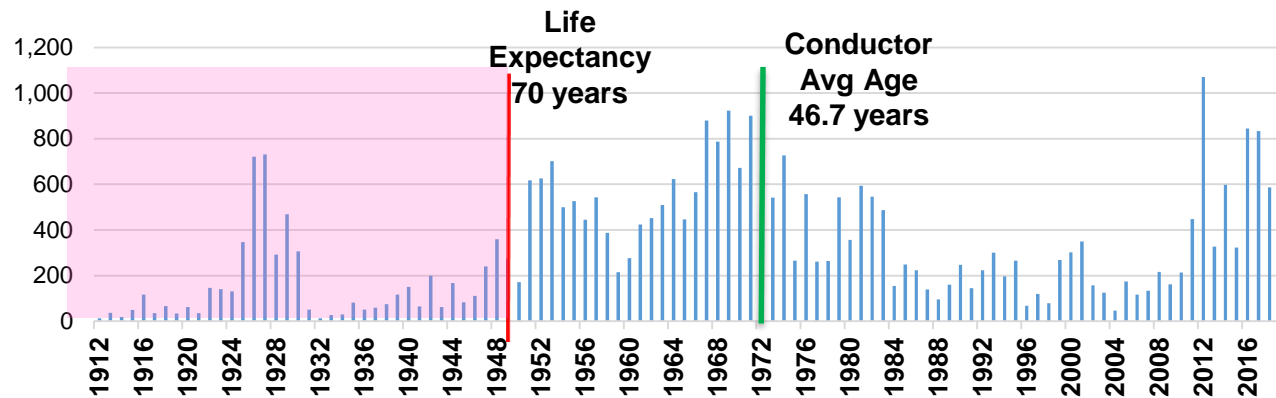
- Upgrades to connect new customers and enhanced service requests
- Facilitates local economic development

#### TELECOM

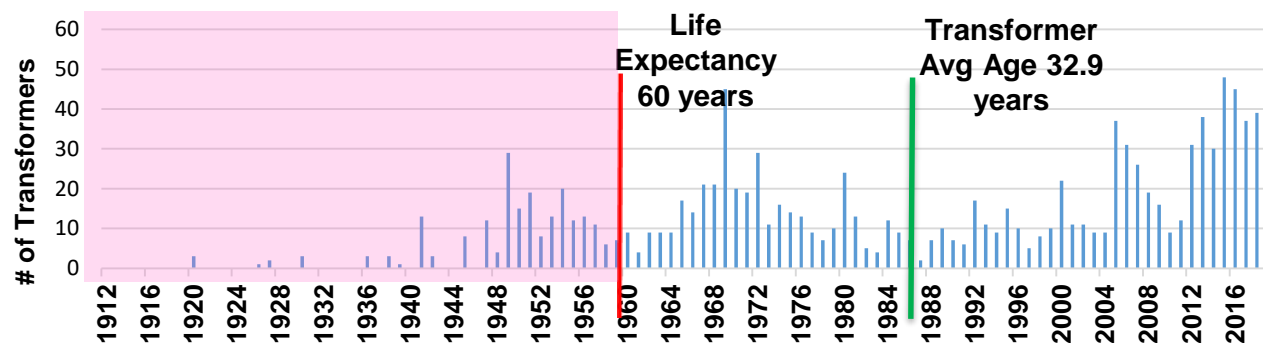
- Upgrades to support equipment monitoring, cyber-security requirements, and efficient grid operations

# Investments in Asset Renewal Strengthen and Enable the Grid of the Future

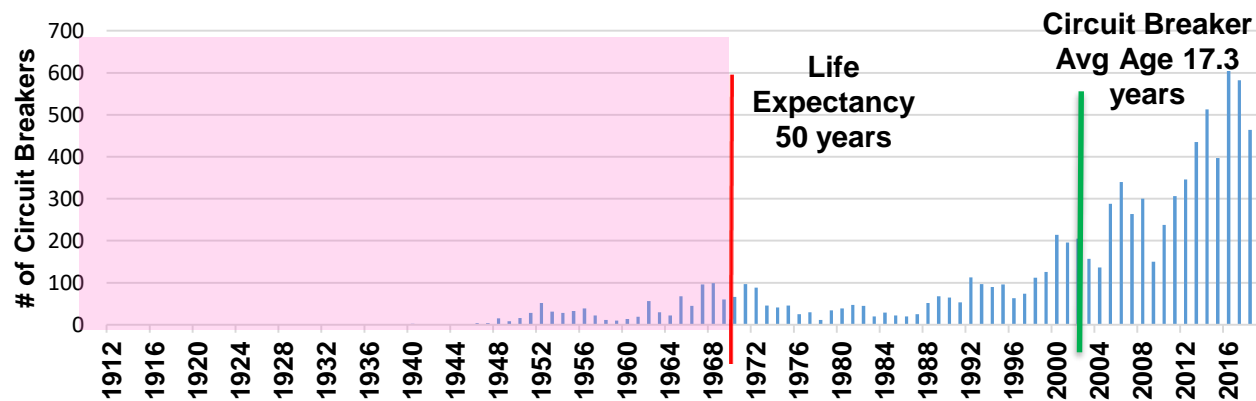
AEP T-Line Age Profile - (Line Mile Age based on oldest conductor age)



AEP Transmission Transformer Age Profile



AEP Circuit Breaker Age Profile



Beyond Life Expectancy Range

- **\$2.2 billion** of annual on-system capital investment is required to replace and enhance all assets beyond life expectancy over the next 10 years.
- Asset renewal projects are prioritized based on performance, condition and risk.

## AEP Transmission Assets

Life Expectancy (Years)

Current Quantity Over Life Expectancy

Quantity That Will Exceed Life Expectancy in Next 10 Years

Total Replacement Need Over Next 10 Years

% of AEP System

## Line Miles

## Transformers

## Circuit Breakers

70

60

50

5,959

209

808

4,732

158

473

10,691

367

1,281

31%

30%

14%

## Average Age (years)

2016 Year-End

2019 Year-End

## Line Miles

## Transformers

## Circuit Breakers

52.5

36.1

22.9

46.7

32.9

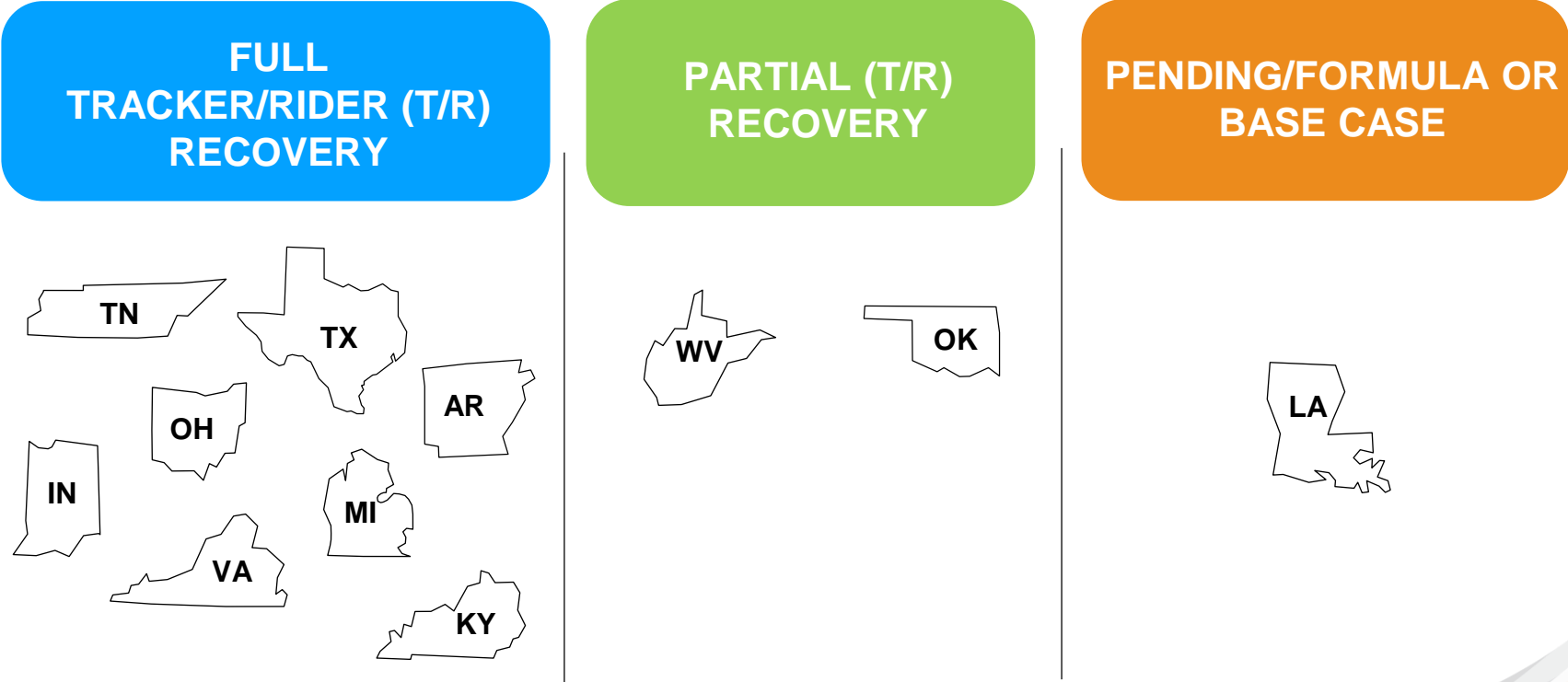
17.3

# Stable Cost Recovery Framework

**Stable and transparent wholesale cost recovery for transmission**

	PJM	SPP	ERCOT
ROE	9.85% Base + 0.50% RTO adder	10.0% Base ROE + 0.50% RTO adder	9.4%
Forward Looking Rates	Yes	Yes	Allowed two updates per year (not forward looking)
Equity Structure	Capped at 55%	No Cap	Capped at 42.5%
Rate Approval Date	May 2019	June 2019	April 2020

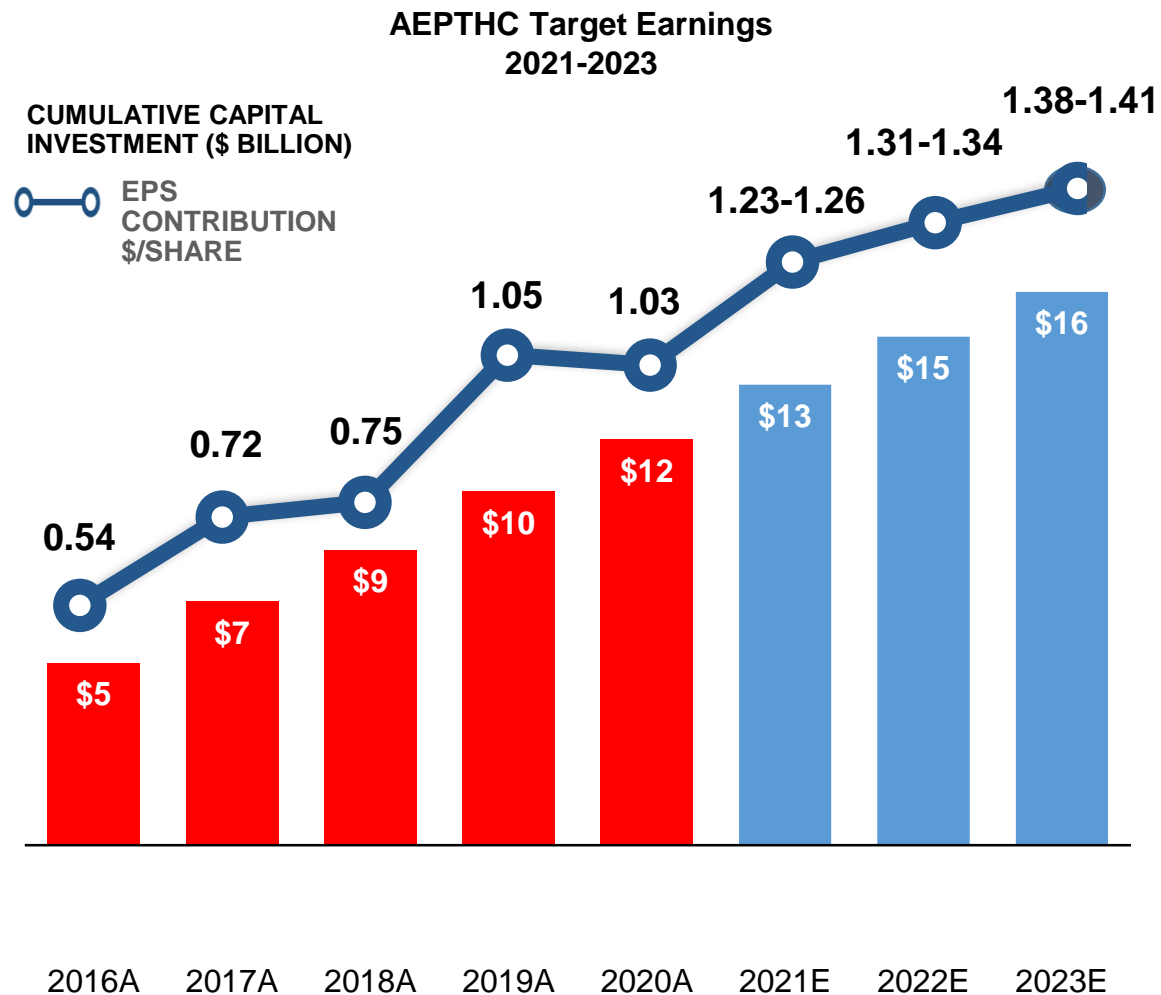
**~93% of transmission capital investment is recovered through state tracker/rider mechanisms**



Note: Arkansas retail formula not currently being utilized

# Delivering Significant Customer and Shareholder Value

## Shareholder Benefits



**AEPTHC's 2016 – 2023 EPS growth projected at a CAGR of 14.5%**

## Customer Benefits

### Reducing customer costs

Enabling efficient economic dispatch of generation in each of our regions

### Driving down emissions

Facilitating the fast and reliable interconnection of renewables to the grid to meet customer demand and public policy goals for clean energy

### Improving reliability and security

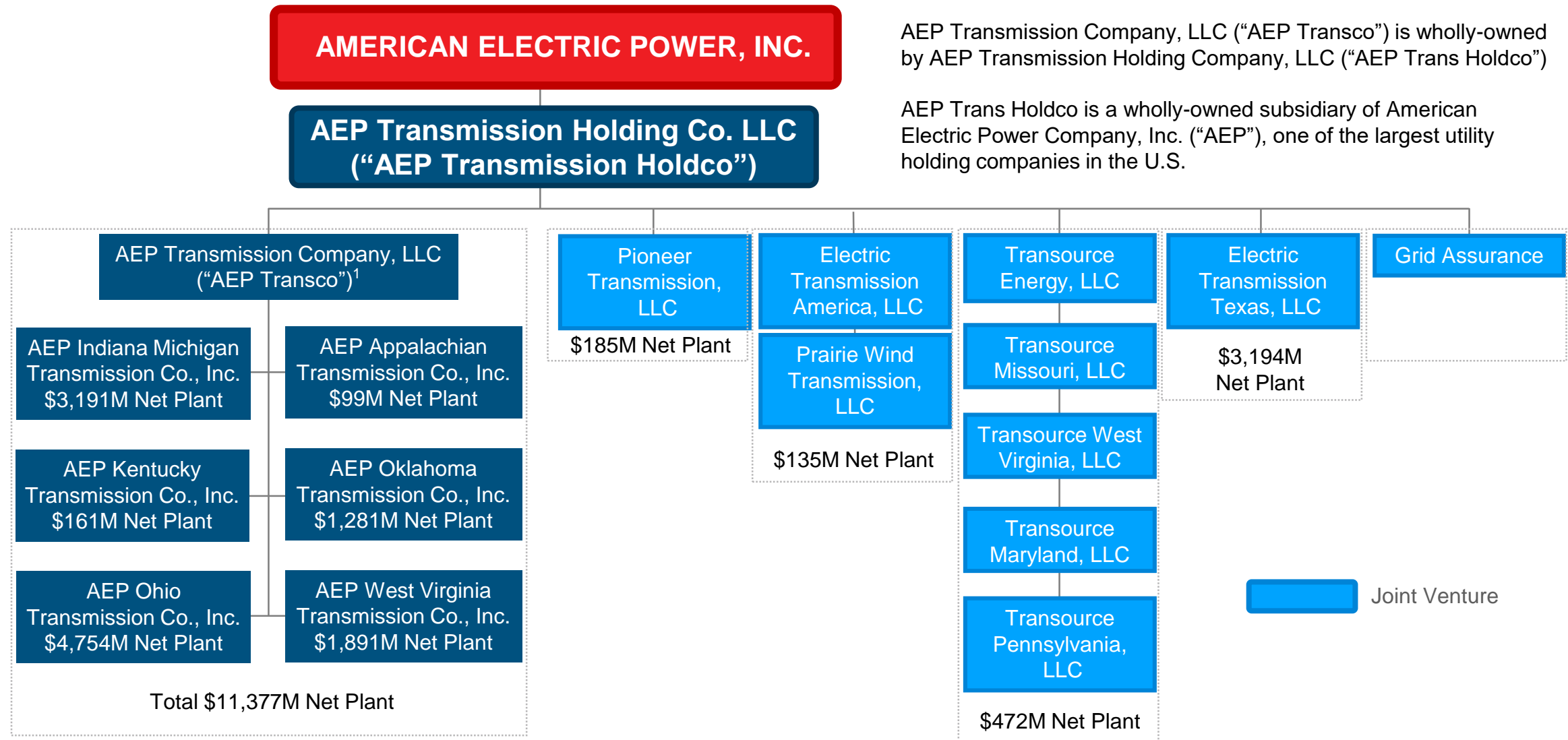
Keeping the economy productive and connected by powering communications networks and electronics with reduced outages and a storm-hardened system

### Creating economic benefits

Supporting economic development through construction projects that deliver community benefits including:

- ✓ Jobs
- ✓ State and local taxes
- ✓ Economic stimulus

# AEP Transmission Holdco Legal Entity Structure



AEP Transmission Company, LLC ("AEP Transco") is wholly-owned by AEP Transmission Holding Company, LLC ("AEP Trans Holdco")

AEP Trans Holdco is a wholly-owned subsidiary of American Electric Power Company, Inc. ("AEP"), one of the largest utility holding companies in the U.S.

Joint Venture net plant balances are inclusive of non-affiliate share

Net plant totals are as of June 30, 2021

<sup>1</sup> Debt issued at AEP Transco level for transmission companies

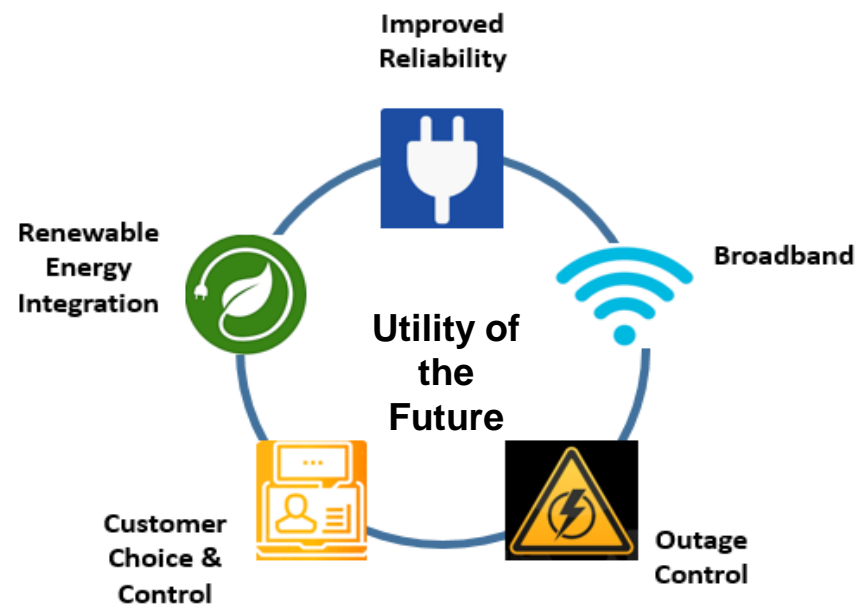
# UTILITY TRANSFORMATION

- Expanded Core and Future Investments
- Robust Distribution Capital Expenditure Opportunities



# Expanded Core and Future Investments

- INCREASE CORE INVESTMENTS IN SYSTEM RELIABILITY
- FULLY ADVANCE METERING INFRASTRUCTURE (AMI) AND DISTRIBUTION AUTOMATION CIRCUIT RECONFIGURATION (DACR) PENETRATION
- LED STREET LIGHT MODERNIZATION
- PROMOTE AN INTERACTIVE, MODERN AND EFFICIENT GRID
- ADAPT GRID TO INTEGRATE MORE DIVERSE ENERGY SOURCES
- BROADBAND AND BEHIND THE METER TECHNOLOGIES TO ALIGN WITH CHANGING CUSTOMER EXPECTATIONS
- ADVANCE ELECTRIFICATION



Positioning to align future investments with customer preferences

Advancing policies and regulatory mechanisms that support timely recovery and diversification of investments

ASSET RENEWAL



GRID  
MODERNIZATION




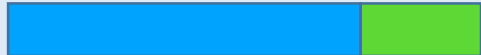





NEW PRODUCT  
LINES



DISTRIBUTION  
INVESTMENT  
OPPORTUNITY

# Robust Distribution Capital Expenditure Opportunities

Capital Investments in Distribution Modernization are expected to be \$8 to \$10 billion over the next five years

Distribution Base Investment	 Incremental \$463 million	<b>\$4,207M</b>	Distribution investments for new service, capacity additions, base material and storms
Distribution Grid Resiliency	 Incremental \$604 million	<b>\$3,429M</b>	Asset renewal and reliability investments including pole, conductor, cutout, and station transformer and breaker replacements
Distribution Automation and Technology	 Incremental \$146 million	<b>\$1,124M</b>	Implementation of automated technology including distribution supervisory control and data acquisition, smart switches and reclosers, volt var optimization and sensors. Investments include telecommunication and system components
Advance Metering Infrastructure	 Incremental \$259 million	<b>\$503M</b>	Advanced metering technology for the remaining AEP customers
Distribution – Distributed Energy Resources	 Incremental \$53 million	<b>\$63M</b>	AEP owned energy storage and micro-grid projects connected at distribution voltages
Rural Broadband	 Incremental \$260 million	<b>\$571M</b>	Investment in fiber assets to provide middle mile broadband to rural communities and for company use
Green Technology	 Incremental \$231 million	<b>\$297M</b>	Investments in LED outdoor and streetlights and electric vehicle charging infrastructure, ownership of charging stations if allowed

**AEP is committed to making significant grid modernization investments that create win-win solutions for both our customers and our communities**

Key:  In budget  Incremental Opportunities

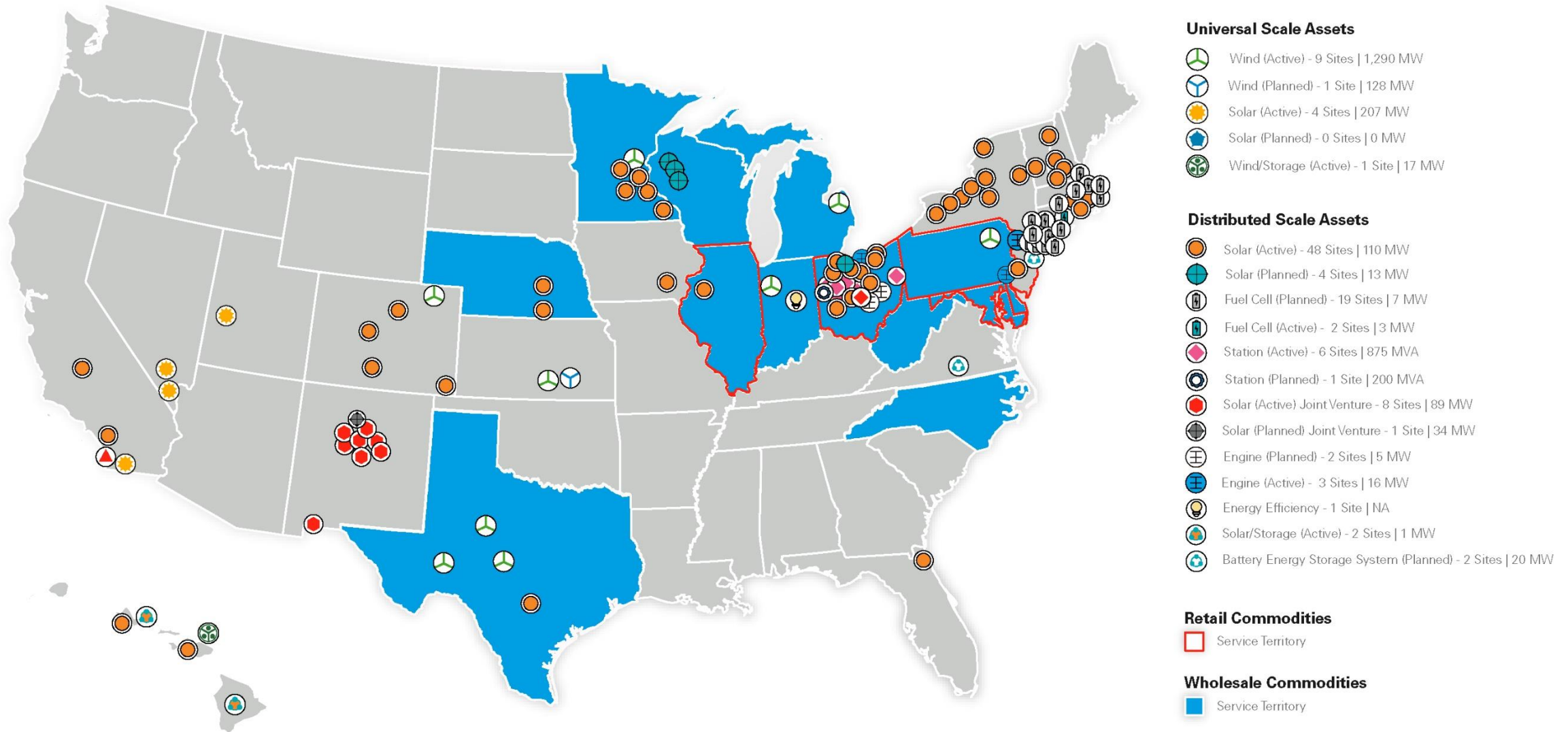
# COMPETITIVE BUSINESS

- **Competitive Business Presence**
- **Development Pipeline and Repower Initiatives**



# Competitive Business Presence

Active in 29 States (5 states overlap with AEP Utilities)



As of June 30, 2021

# Development Pipeline and Repower Initiatives

## DEVELOPMENT PIPELINE

Progress continues in our development portfolio across three geographically dispersed areas.

The 128 MW Flat Ridge 3 wind project in Kansas is under construction and expected to be placed in-service in the third quarter of 2021 using all of our PTC Safe Harbor equipment (qualifying the plant for 100% PTCs). The project has a long-term power agreement with Evergy for the entire energy output.

The other mid- to late-stage opportunities in our development portfolio possess solid project and market fundamentals, and continue to attract strong interest from utilities, municipalities, cooperatives and corporates.

## REPOWER INITIATIVE

Similar to Trent and Desert Sky Wind Farms, we are evaluating our other existing projects for repower.

Review includes Fowler Ridge 2, Cedar Creek 2, Flat Ridge 2 and Mehoopany.

If the repowers were to take place, it would most likely be at 60% PTC level.

