“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: economic growth or contraction within and changes in market demand and demographic patterns in AEP service territories, 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, electric load and customer growth, 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, availability of necessary generation capacity, the performance of generation plants and the availability of fuel, including processed nuclear fuel, parts and service from reliable vendors, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs, new legislation, litigation and government regulation, including 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 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, environmental compliance and excess accumulated deferred income taxes, 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 capacity and electricity, 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 pronouncements periodically issued by accounting standard-setting bodies, impact of federal tax reform on customer rates, income tax expense and cash flows, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

INVESTOR RELATIONS

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Director
Investor Relations
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dreese@aep.com
Note: Statistics as of September 30, 2018 except for market capitalization as of January 4, 2019.
STRONG EXECUTION TRACK RECORD

- Delivered Earnings & Dividend Growth
- Successful Regulatory Outcomes
- Superior Capital Allocation
- Balance Sheet Strength
- Sale of Non-Core Assets

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
We are focused on executing our strategy while improving the customer experience.
ORGANIC INVESTMENT OPPORTUNITY + MANAGEABLE EXECUTION RISK = GROWTH

5-7% CAGR

$3.85

Operating Earnings Guidance

2018: $3.75 - $3.95
Narrowed and Raised to $3.88 - $3.98

2019: $4.00 - $4.20

2020: $4.25 - $4.45

Future:
STRONG DIVIDEND GROWTH

Targeted payout ratio 60-70% of operating earnings

Over 108 years of consecutive quarterly dividends

Dividend growth in line with earnings

$1.71 $1.85 $1.88 $1.95 $2.03 $2.15 $2.27 $2.39 $2.53 $2.68

4-6% Earnings Growth Rate 5-7% Earnings Growth Rate

4.7% CAGR 6.2% CAGR

EPS Growth + Dividend Yield = 9 to 11% Annual Return Opportunity

* Subject to Board approval
# ROBUST ORGANIC CAPITAL OPPORTUNITIES

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects</td>
</tr>
<tr>
<td>Distribution</td>
<td>Grid modernization, reliability improvement projects and distribution station refurbishment</td>
</tr>
<tr>
<td>Renewables</td>
<td>Regulated renewables supported by integrated resource plans and contracted renewables</td>
</tr>
<tr>
<td>Technology</td>
<td>Digitization, automation, cyber security, enterprise-wide applications</td>
</tr>
</tbody>
</table>
AEP has invested in reliability and grid strengthening over the last decade, dramatically changing the capital allocation in Generation, Transmission and Distribution.
2019 – 2023 CAPITAL FORECAST: TOTAL $33B

- 100% of capital allocated to regulated businesses and contracted renewables
- 75% allocated to wires

Focus on wires and renewables
## CAPITAL FORECAST
### 2019 - 2023 BY SUBSIDIARY

<table>
<thead>
<tr>
<th>$ in millions (excluding AFUDC)</th>
<th>2019E</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
<th>2023E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Power Company</td>
<td>$821</td>
<td>$786</td>
<td>$847</td>
<td>$939</td>
<td>$875</td>
<td>$4,267</td>
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<tr>
<td>Wheeling Power Company</td>
<td>$42</td>
<td>$43</td>
<td>$52</td>
<td>$56</td>
<td>$33</td>
<td>$226</td>
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<tr>
<td>Kingsport Power Company</td>
<td>$17</td>
<td>$15</td>
<td>$21</td>
<td>$19</td>
<td>$25</td>
<td>$97</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>$647</td>
<td>$609</td>
<td>$611</td>
<td>$519</td>
<td>$506</td>
<td>$2,892</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>$220</td>
<td>$229</td>
<td>$227</td>
<td>$228</td>
<td>$226</td>
<td>$1,130</td>
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<tr>
<td>Ohio Power Company</td>
<td>$720</td>
<td>$554</td>
<td>$600</td>
<td>$640</td>
<td>$694</td>
<td>$3,208</td>
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<tr>
<td>Public Service Company of Oklahoma</td>
<td>$339</td>
<td>$365</td>
<td>$338</td>
<td>$487</td>
<td>$450</td>
<td>$1,978</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>$421</td>
<td>$473</td>
<td>$523</td>
<td>$587</td>
<td>$675</td>
<td>$2,679</td>
</tr>
<tr>
<td>AEP Texas Company</td>
<td>$1,271</td>
<td>$1,031</td>
<td>$1,069</td>
<td>$1,146</td>
<td>$1,245</td>
<td>$5,763</td>
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<tr>
<td>AEP Generating Company</td>
<td>$72</td>
<td>$40</td>
<td>$29</td>
<td>$24</td>
<td>$10</td>
<td>$175</td>
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<tr>
<td>AEP Transmission Holdco</td>
<td>$1,590</td>
<td>$1,536</td>
<td>$1,578</td>
<td>$1,719</td>
<td>$1,829</td>
<td>$8,252</td>
</tr>
<tr>
<td>Generation and Marketing</td>
<td>$332</td>
<td>$389</td>
<td>$444</td>
<td>$494</td>
<td>$543</td>
<td>$2,202</td>
</tr>
<tr>
<td>Other</td>
<td>$10</td>
<td>$6</td>
<td>$6</td>
<td>$6</td>
<td>$4</td>
<td>$32</td>
</tr>
<tr>
<td><strong>Total Capital and Equity Contributions</strong></td>
<td>$6,500</td>
<td>$6,077</td>
<td>$6,345</td>
<td>$6,865</td>
<td>$7,115</td>
<td>$32,902</td>
</tr>
</tbody>
</table>

Capital plans are continuously optimized which may result in redeployment between functions and companies. Table may not foot due to rounding.
## CASH FLOWS AND FINANCIAL METRICS

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from Operations</td>
<td>$4,700</td>
<td>$4,700</td>
<td>$4,900</td>
<td>$5,300</td>
</tr>
<tr>
<td>Capital &amp; JV Equity Contributions</td>
<td>$(6,100)</td>
<td>$(6,500)</td>
<td>$(6,100)</td>
<td>$(6,300)</td>
</tr>
<tr>
<td>Other Investing Activities</td>
<td>$(700)</td>
<td>$(300)</td>
<td>$(400)</td>
<td>$(100)</td>
</tr>
<tr>
<td>Common Dividends *</td>
<td>$(1,300)</td>
<td>$(1,300)</td>
<td>$(1,300)</td>
<td>$(1,400)</td>
</tr>
<tr>
<td>Excess (Required) Capital</td>
<td>$(3,400)</td>
<td>$(3,400)</td>
<td>$(2,900)</td>
<td>$(2,500)</td>
</tr>
</tbody>
</table>

### Financing

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
<th>2021E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (Required) Capital</td>
<td>$(3,400)</td>
<td>$(3,400)</td>
<td>$(2,900)</td>
<td>$(2,500)</td>
</tr>
<tr>
<td>Debt Maturities (Senior Notes, PCRBs)</td>
<td>$(2,400)</td>
<td>$(1,100)</td>
<td>$(900)</td>
<td>$(1,500)</td>
</tr>
<tr>
<td>Securitization Amortizations</td>
<td>$(300)</td>
<td>$(300)</td>
<td>$(200)</td>
<td>$(100)</td>
</tr>
<tr>
<td>Equity Issuances - Includes DRP/401(k)</td>
<td>100</td>
<td>100</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>Debt Capital Market Needs (New)</td>
<td>$(6,000)</td>
<td>$(4,700)</td>
<td>$(3,500)</td>
<td>$(3,600)</td>
</tr>
</tbody>
</table>

### Financial Metrics

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization (GAAP)</td>
<td>55% - 60%</td>
</tr>
<tr>
<td>FFO/Total Debt (Moody's)</td>
<td>Mid Teens</td>
</tr>
</tbody>
</table>

* Common dividends increase to $0.67 per share in Q4 2018 for total dividends of $2.53/share; $2.68/share 2019 - 2021. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60-70%.
7.8% CAGR IN RATE BASE GROWTH
CUMULATIVE CHANGE FROM 2017 BASE

2017 Rate Base Proxy
Vertically Integrated Utilities $23.0B
T&D Utilities $9.7B
Transcos/Transource $5.7B
Total $38.4B

Vertically Integrated Utilities
T&D Utilities
Transcos/Transource
Total

5% - 7% EPS growth is predicated on regulated rate base growth
Nearly 70% of 2019-2023 capital plan recovered through reduced lag mechanisms
INVESTING IN TRANSMISSION
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.

Net Plant totals are as of September 30, 2018, except Pioneer and Prairie Wind, which are as of August 31, 2018

* Debt issued at AEP Transco level for transmission companies
The nation's largest transmission services provider is focused on delivering its $3 billion annual capital plan to improve customer reliability and grid resiliency while meeting earnings growth targets through diversified investments.
**AEPTHC TARGET EARNINGS 2018-2021**

**Significant Investment**
- Over $13B projected by 2021 (AEP Transcos and the ownership percentage of Transource)

**Healthy ROEs & Capital Structure**
- Affiliate authorized ROEs ranging from 9.6% to 12.8%
- Authorized capital structure 40-60% equity

**Portfolio Diversification**
- Five Transcos and ETT are projected to contribute 95% of total 2018 earnings (81% and 14% respectively)

**Industry & Technology Leader**
- Bringing innovation and collaboration to the industry through Grid Assurance, BOLD and Asset Health

---

**AEPTHC EPS contribution grows from $0.31 in 2014 to $1.19-$1.22 in 2021**

AEPTHC’s 2015 – 2021 EPS growth projected at a CAGR of 17.4%

* Capital investment excludes Transource unapproved projects, JV equity contributions, BOLD and Grid Assurance.
** In addition to forward looking rates, 2017 includes a historical true up for East Transcos. Having both in one year is a one time occurrence.
AEP's 15 state asset base serves as the foundation of the nation's electric system. FERC's support of transmission investments recognizes the critical function transmission plays in the power delivery system.
As the foundation of the power system, transmission integrates generation and loads across large regional footprints.

- **Growing complexity of the integrated power grid:** Distributed generation, diversity in generation fleet, location and variability of generation
- **System operations:** Systems operating close to feasibility limits are more vulnerable (failures/intelligent adversaries)
- **Survivability:** Systems ability to survive contingencies without customer interruption

**Major Issues Being Addressed**
- Aging transmission facilities in poor condition
- Reduction of radial transmission sources
- NERC/RTO requirements
- Decrease customer exposure to transmission outages
- Improve response time
- Enhance operability of the system

2017-2023 Investment = $22.7 billion
ROBUST TRANSMISSION CAPITAL EXPENDITURE OPPORTUNITIES

<table>
<thead>
<tr>
<th>Transmission</th>
<th>Line Miles</th>
<th>Transformers</th>
<th>Circuit Breakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Expectancy (years)</td>
<td>70</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>Current Quantity over Life Expectancy</td>
<td>6,085</td>
<td>234</td>
<td>998</td>
</tr>
<tr>
<td>Quantity that will exceed Life Expectancy in next ten years</td>
<td>5,057</td>
<td>133</td>
<td>653</td>
</tr>
<tr>
<td>Total Renewal Opportunity over ten years</td>
<td>11,142</td>
<td>367</td>
<td>1,651</td>
</tr>
</tbody>
</table>

$2.3 billion of annual investment, addresses the facilities past their estimated life expectancy; the asset age profile changes with actual investment.

Scope and scale of AEP's Transmission network results in sustainable investment opportunity without risk of over-investment.
INVESTING IN DISTRIBUTION
ROBUST DISTRIBUTION CAPITAL EXPENDITURE OPPORTUNITIES

**Distribution Station Transformer Age Profile**

- Life Expectancy: 60 Years
- Avg Age: 42 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Transformers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1919</td>
<td>50</td>
</tr>
<tr>
<td>1920</td>
<td>30</td>
</tr>
<tr>
<td>1921</td>
<td>20</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

**Distribution Station Circuit Breaker Age Profile**

- Life Expectancy: 50 Years
- Avg Age: 24 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Circuit Breakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1940</td>
<td>100</td>
</tr>
<tr>
<td>1941</td>
<td>90</td>
</tr>
<tr>
<td>1942</td>
<td>80</td>
</tr>
<tr>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

**Table:**

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Station Transformers</th>
<th>Circuit Breakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life Expectancy (years)</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>Current Quantity over Life Expectancy</td>
<td>923</td>
<td>993</td>
</tr>
<tr>
<td>Quantity that will exceed Life Expectancy in next ten years</td>
<td>514</td>
<td>977</td>
</tr>
<tr>
<td>Total Renewal Opportunity over ten years</td>
<td>1,437</td>
<td>1,970</td>
</tr>
</tbody>
</table>
EXAMPLES OF INCREMENTAL DISTRIBUTION INVESTMENT OPPORTUNITIES

- Grid Modernization
  - Distribution Supervisory Control and Data Acquisition
  - Smart Circuits

- Distribution Line Re-Conductoring
  - Replace deteriorated small wire
  - Increase capacity to facilitate ties for smart circuits
  - Over 86,000 miles of small wire is in service across the operating companies (age profile at least 40 years)

- Pole Replacement Programs
- Obsolete Station Breaker Replacements
- Capacity/Reliability Projects
- Distribution Station Transformers

Represents ~ $500M/year of incremental investment opportunity to improve system reliability and modernize the system
INVESTING IN REGULATED RENEWABLES
SWEPCO and PSO CUSTOMER SAVINGS PLAN

- SWEPCO and PSO draft Integrated Resource Plans (IRP) continue to indicate that customers will benefit from additional low-cost wind energy
  - Takes advantage of the federal Production Tax Credit

- Opportunity will be scalable to align with regulatory approvals by state

- SWEPCO and PSO plan to issue requests for proposals in AR, LA, OK and TX in Q1 2019
  - RFPs will seek to acquire wind assets
  - Potential to acquire up to the full IRP amounts, depending upon final outcome of IRP processes and RFP results

- Key considerations in the RFP evaluation process will include cost, performance and long-term deliverability
  - Projects must minimize congestion
  - Approval of any potential future transmission delivery infrastructure would only be sought at the time its needed
  - Projects must qualify for at least 80% of the federal Production Tax Credit

Current Draft IRP Wind Nameplate Forecast

<table>
<thead>
<tr>
<th>Wind Procurement *</th>
<th>2021-2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>SWEPCO</td>
<td>Up to 1,200 MW</td>
</tr>
<tr>
<td>PSO</td>
<td>Up to 1,000 MW</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Up to 2,200 MW</strong></td>
</tr>
</tbody>
</table>

* Outcomes pending applicable state IRP processes
Two solar REPAs with both facilities on line by end of 2021:
- Highland Solar, 300 MW
- Willowbrook Solar, 100 MW

Debt Equivalency Cost Mechanism to provide recovery for use of Balance Sheet (approximately $6M annually)

Green Tariff that allows all customer classes the opportunity to purchase RECs to cover some or all of their generation supply

Analysis resulted in nominal savings of over $200M over the life of the projects when considering base band pricing
## PROJECTED RESOURCE ADDITIONS

### Solar Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2021-2023</th>
<th>2024-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>Up to 400 *</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>APCo</td>
<td>15</td>
<td>300</td>
<td>450</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>-</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>KPCo</td>
<td>30 *</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>PSO</td>
<td>Up to 310</td>
<td>550</td>
<td>450</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>-</td>
<td>450</td>
<td>550</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>Up to 755</td>
<td>1,470</td>
<td>1,640</td>
</tr>
</tbody>
</table>

### Wind Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2021-2023</th>
<th>2024-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>Up to 500 *</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>APCo</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>-</td>
<td>600</td>
<td>450</td>
</tr>
<tr>
<td>KPCo</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PSO</td>
<td>Up to 1,000 *</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>Up to 1,200 *</td>
<td>200</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>Up to 2,700</td>
<td>1,100</td>
<td>650</td>
</tr>
</tbody>
</table>

### Natural Gas Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2021-2023</th>
<th>2024-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>Up to 500 *</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>APCo</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>-</td>
<td>600</td>
<td>450</td>
</tr>
<tr>
<td>PSO</td>
<td>780 * (1)</td>
<td>370</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>780</td>
<td>370</td>
<td>1,500</td>
</tr>
</tbody>
</table>

(1) To replace expiring PPA

* Subject to regulatory filings currently underway

### Total Projected Resource Additions (MW)

<table>
<thead>
<tr>
<th>Resource</th>
<th>2021-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>Up to 3,865</td>
</tr>
<tr>
<td>Wind</td>
<td>Up to 4,450</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>2,650</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>Up to 10,965</td>
</tr>
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</table>
# INTEGRATED RESOURCE PLAN STATUS

<table>
<thead>
<tr>
<th>Previously Approved IRPs</th>
<th>Q4-18</th>
<th>Q1-19</th>
<th>Q2-19</th>
<th>Q3-19</th>
<th>Q4-19</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AEP OHIO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>12/14/18 (AR)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KENTUCKY POWER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>12/21/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>APPALACHIAN POWER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>5/1/19 (VA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>INDIANA MICHIGAN POWER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>May / June 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>KENTUCKY POWER</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12/20/19</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Next IRP filing date for APCo (WV) is January 2021
INVESTING IN COMPETITIVE BUSINESS
COMPETITIVE OPERATIONS
ORGANIZATIONAL STRUCTURE

AEP

AEP Energy Supply

AEP Generation Resources

AEP Energy Partners

AEP Energy

AEP OnSite Partners

AEP Renewables

Generation

Wholesale Trading & Marketing

Oklaunion PPA

Retail

Customer Solutions Business Focused on Assets Backed with Long-Term PPAs

Universal Scale Renewable Assets with Long-Term PPAs

Wind Operations
INTEGRATED PLATFORM OF COMMODITY AND CLEAN ENERGY SOLUTIONS

**COMMODITY**
- Transacts commodity hedges for the retail portfolio and engages in wholesale marketing and trading
- Activity is in PJM, ERCOT, MISO and SPP
- Electricity: 12 TWh

**RETAIL**
- Provides electricity, natural gas, and demand response to residential, commercial and industrial customers in six states
- Customers: 415,000
- Electricity: 18 TWh
- Gas: 8 Bcf

**ASSETS**
- Build, own, operate and maintain customer solutions utilizing existing and emerging distributed technologies
- Asset Base: $330 million committed
- 51 projects in 15 states

**WHOLESALE**
- Develop and/or acquire universal scale renewable projects that are backed with long-term contracts with credit-worthy counterparties
- Asset Base: Over $420 million
- 5 projects in 4 states

Customer Load
30 TWh

$750M and 487 MW Committed
AEP Competitive Businesses
(Snapshot as of 10/19/18)

AEP Energy -------------- 415,000 Customers
AEP Energy Partners ----------- 82 Customers
AEP OnSite Partners ------ Solar: 102 MW (DC)
AEP Renewables --------- Solar: 116.4 MW (DC)
                      Wind: 257 MW
UNIVERSAL SCALE RENEWABLE PROJECTS

- **Desert Sky Wind Farm (TX) – 167 MW**
  - PPA with City Public Service San Antonio
  - Joint Venture with Invenergy
  - Repowered in 2018 by GE
  - AEP owns 79.9% (134 MW)

- **Trent Wind Farm (TX) – 154 MW**
  - PPAs with various Cooperatives
  - Joint Venture with Invenergy
  - Repowered in 2018 by GE
  - AEP owns 79.9% (123 MW)

- **Pavant Solar III (UT) – 26 MW-DC**
  - PPA with PacifiCorp
  - COD on December 30, 2016
  - Constructed by JSI Construction

- **Boulder Solar II (NV) – 62 MW-DC**
  - PPA with NV Energy
  - COD on January 27, 2017
  - Constructed by SunPower

- **Jacumba Solar (CA) – 28 MW-DC**
  - PPA with Southern California Edison
  - COD on July 25, 2017
  - Constructed by BayWa
CUSTOMER ENERGY SOLUTIONS

- Committed to nearly $330 million in energy assets
- Portfolio of 51 operating and under construction projects in 15 different states
- Projects include customer sited solar projects, behind the meter energy storage assets, customer sited substations, and fuel cell projects
**CONTRACTED CLEAN ENERGY INVESTMENTS**

$2.2B CAPITAL AlLOCATED 2019-2023

<table>
<thead>
<tr>
<th>Renewable Generation Asset Owner</th>
<th>✓</th>
<th>✓</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Behind-the-Meter” Energy Assets</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Universal Scale Energy Assets</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Key Customers</td>
<td>Schools, Cities, Hospitals and Commercial / Industrial Accounts, Utilities, Municipalities, Corporations and Cooperative Accounts</td>
<td></td>
</tr>
<tr>
<td>Key Technologies</td>
<td>Distributed Generation, Fuel Cells, Renewables, Storage, Substations and Combined Heat and Power, Wind and Solar</td>
<td></td>
</tr>
</tbody>
</table>
POSITIONING FOR THE FUTURE

FINANCIAL INFORMATION
REGULATED RETURNS

Twelve Months Ended 9/30/2018 Earned ROE’s (non-GAAP operating earnings, not weather normalized)

- AEP OH 14.1%
- APCo* 9.9%
- KPCo 9.2%
- I&M 12.0%
- PSO* 7.7%
- SWEPCO 7.4%
- AEP TX 8.8%
- Trans 10.4%

2019 Forecasted Regulated ROE is 9.65%;
10.35% for Total AEP

*AEP Ohio adjusted for SEET items. Base rate cases pending at other operating companies.

*Sphere size based on each company’s relative equity balance*
2019 OPERATING EARNINGS GUIDANCE

Range of $4.00 - $4.20/share

Note: Will maintain midpoint of 2019 range. Waterfall components may change based on actual 2018 results.
CURRENT RATE CASE ACTIVITY

**APCo – West Virginia**
Docket #: 18-0646-E-42T
Filing Date: 05/09/2018
Requested Rate Base: $4.1B
Requested ROE: 10.22%
Cap Structure: 49.84%D / 50.16%E
Gross Revenue Increase: $95M
(Less $32M Depr)
Net Revenue Increase: $63M
Test Year: 12/31/2017
Settlement Agreement Filed: 11/13/2018
(Awaiting Order)

**PSO – Oklahoma**
Docket #: 201800097
Filing Date: 09/26/2018
Requested Rate Base: $2.5B
Requested ROE: 10.3%
Cap Structure: 51.86%D / 48.14%E
Gross Revenue Increase: $88M
(Less $20M D&A)
Net Revenue Increase: $68M
Test Year: 03/31/2018
Procedural Schedule
  - Intervenor Testimony: 01/11/2019
  - Rebuttal Testimony: 02/08/2019
  - Hearing Commences: 03/04/2019
  - ALJ Report: April 2019
O&M targets focus on bending the O&M curve down to create rate headroom.
O&M actual spend represents adjusting spend throughout the year as needed (e.g., 2017 unfavorable weather resulted in need to pull-back on spend; 2018 favorable weather has created incremental/shifting opportunities).

Our initiatives will help reduce the cost of the current ~4,000+ employees retiring or leaving over the next 5 years, thereby reducing O&M and allowing us to focus on more value added activities for our customers.
BENDING THE O&M CURVE (INITIATIVES)

**AEP Transmission Spacer Replacement Capital Program**
- The replacement program avoids approximately $80M in O&M expenditures over time
- ~150k spacers that are near or at end of life will be replaced as part of a capital program on nearly 1800 miles of 765kV lines over the next 10 years

**AEP Station Check In/Check Out Application**
- The first true mobile application of its kind saves valuable time for field technicians and dispatchers by eliminating nearly 90% of calls into the TDC from field staff entering or exiting secure facilities
- On average since implementation ~$500K in labor savings on this activity have been realized

**AEP Asset Health Centers**
- Analytical software platform and fleet-wide asset monitoring device that provides instantaneous data through a robust communications infrastructure
- Real-time data helps in making data-driven operating decisions. Improves safety, reduces unplanned equipment outages, helps in planning and optimizing maintenance, and prioritizes renewal decisions about the condition of assets
- In use since 2014, AHC has provided performance data on equipment that has allowed Transmission to avoid $36M and Generation over $25M in costs related to equipment failure
BENDING THE O&M CURVE (INITIATIVES)

Charge Initiative

~$200M in digital and process-enabled savings over five years through O&M reductions/cost avoidance (50%), Capital Reduction/Efficiency (25%), Revenues (10%) & Operational Efficiency (15%)

- Distribution/Transmission Field Time Reporting App – Mobile app/web that enables contractors to enter time digitally rather than through paper timesheets. Improves efficiency and reduces rework (e.g., audits and audit outcomes).

- Contract Digitization – Digital tools & associated analytics that reduce administrative, repetitive work performed by the contract support function.

- Digitized Inspections – Combined use of drones, sensors, and digital user tools to minimize the physical labor associated with distribution, transmission, and generation inspections.

- Transmission Capital Commissioning Checklist – Mobile app/web that enables employees and contractors to perform and complete commissioning tasks using handheld technology rather than through a paper process. Improves accuracy, increases operational efficiency, reduces rework, and accelerates time to place projects in service.

Other Initiatives

- Strategic Work and Workforce Planning
- Outsourcing Activities
- Tactical Sourcing through Procurement Management
NORMALIZED LOAD TRENDS

AEP Residential Normalized GWh Sales
% Change vs. Prior Year

AEP Commercial Normalized GWh Sales
% Change vs. Prior Year

AEP Industrial GWh Sales
% Change vs. Prior Year

AEP Total Normalized GWh Sales
% Change vs. Prior Year

Note: 2018 includes 9 months weather normalized actual results plus 3 months forecasted values. The 2018 and 2019 comparison may change based on actual 2018 results.
**CAPITALIZATION & LIQUIDITY**

### Total Debt / Total Capitalization

- 2013: 54.3%
- 2014: 54.3%
- 2015: 53.2%
- 2016: 55.9%
- 2017: 55.5%
- Q1-18: 56.6%
- Q2-18: 56.8%
- Q3-18: 56.8%

**Credit Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO to Total Debt</td>
<td>19.2%</td>
<td>Mid Teens</td>
</tr>
</tbody>
</table>

*Represents the trailing 12 months as of 9/30/2018*

### Liquidity Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Maturity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revolving Credit Facility ¹</td>
<td>$3,000</td>
<td>Jun-21</td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>788</td>
<td></td>
</tr>
<tr>
<td>Commercial Paper Outstanding</td>
<td>(1,473)</td>
<td></td>
</tr>
<tr>
<td>Letters of Credit Issued</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Net Available Liquidity</strong></td>
<td><strong>$2,315</strong></td>
<td></td>
</tr>
</tbody>
</table>

¹ In Oct 2018, credit facility was amended to $4.0B and extended to mature in Jun-22

**Strong balance sheet, credit metrics and liquidity**
2019 DEBT ISSUANCE AND MATURITIES OVERVIEW

($ in millions)

[Bar chart showing debt issuance and maturities for various entities such as AEG, AEP Inc, AEP Texas, APCo, I&M, KPCo, OPCo, PSO, SWEPCo, Transco. The chart compares 2019 Maturities and 2019 Expected Issuances.]
LONG-TERM DEBT MATURITY PROFILE

($ in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP, Inc.</td>
<td>$0</td>
<td>$0</td>
<td>$500</td>
<td>$0</td>
<td>$300</td>
<td>$0</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$125</td>
<td>$45</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>AEP Texas*</td>
<td>$0</td>
<td>$250</td>
<td>$111</td>
<td>$0</td>
<td>$425</td>
<td>$125</td>
</tr>
<tr>
<td>AEP Transmission Company</td>
<td>$50</td>
<td>$85</td>
<td>$0</td>
<td>$50</td>
<td>$104</td>
<td>$60</td>
</tr>
<tr>
<td>Appalachian Power*</td>
<td>$0</td>
<td>$281</td>
<td>$65</td>
<td>$368</td>
<td>$204</td>
<td>$0</td>
</tr>
<tr>
<td>Indiana Michigan Power</td>
<td>$0</td>
<td>$35</td>
<td>$24</td>
<td>$326</td>
<td>$96</td>
<td>$250</td>
</tr>
<tr>
<td>Kentucky Power</td>
<td>$75</td>
<td>$0</td>
<td>$65</td>
<td>$40</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Ohio Power*</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$500</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Public Service of Oklahoma</td>
<td>$0</td>
<td>$375</td>
<td>$13</td>
<td>$250</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Southwestern Electric Power</td>
<td>$400</td>
<td>$54</td>
<td>$115</td>
<td>$0</td>
<td>$275</td>
<td>$0</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$178</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$650</td>
<td>$1,125</td>
<td>$893</td>
<td>$1,534</td>
<td>$1,582</td>
<td>$435</td>
</tr>
</tbody>
</table>

* Excludes securitization bonds

Includes mandatory tenders (put bonds)
Data as of September 30, 2018
# AEP CREDIT RATINGS

<table>
<thead>
<tr>
<th>Company</th>
<th>Moody's</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Senior</td>
<td>Senior</td>
</tr>
<tr>
<td></td>
<td>Unsecured</td>
<td>Unsecured</td>
</tr>
<tr>
<td>American Electric Power Company Inc.</td>
<td>Baa1</td>
<td>BBB+</td>
</tr>
<tr>
<td>AEP, Inc. Short Term Rating</td>
<td>P2</td>
<td>A2</td>
</tr>
<tr>
<td>AEP Texas Inc.</td>
<td>Baa1</td>
<td>A-</td>
</tr>
<tr>
<td>AEP Transmission Company, LLC</td>
<td>A2</td>
<td>A-</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>Baa1</td>
<td>A-</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>A3</td>
<td>A-</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>Baa2</td>
<td>A-</td>
</tr>
<tr>
<td>Ohio Power Company</td>
<td>A2</td>
<td>A-</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>A3</td>
<td>A-</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>Baa2</td>
<td>A-</td>
</tr>
<tr>
<td>Transource Energy</td>
<td>A2</td>
<td>NR</td>
</tr>
</tbody>
</table>

1. AEP Transmission Co. received a senior unsecured debt rating of A- from Fitch. The rating outlook is Stable.

2. In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short term credit ratings of A-2/P2 from S&P and Moody’s, respectively.

3. NR stands for Not Rated.

Ratings current as of September 30, 2018
SUSTAINABLE FUTURE
Environmental, Social & Governance (ESG) Reporting:

- AEP’s Corporate Accountability Report
- EEI ESG Sustainability Reporting: AEP’s 2018 EEI ESG Report
- AEP’s CDP Survey Responses
- AEP’s 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 & distribution
- Increased use of natural gas
- Optimization of our existing generating fleet
TRANSFORMING OUR GENERATION FLEET

As of September 30, 2018
Future includes IRP forecasted additions and retirements through 2030
Energy Efficiency / Demand Response represents avoided capacity rather than physical assets
# DELIVERING CLEAN ENERGY RESOURCES

**AEP's September 30, 2018 Renewable Portfolio**, in MW

<table>
<thead>
<tr>
<th>Hydro, Wind, Solar &amp; Pumped Storage</th>
<th>Owned MW</th>
<th>PPA MW</th>
<th>Total MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>209</td>
<td></td>
<td><strong>209</strong></td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>816</td>
<td>575</td>
<td><strong>1,391</strong></td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>36</td>
<td>450</td>
<td><strong>486</strong></td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>1,137</td>
<td></td>
<td><strong>1,137</strong></td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>469</td>
<td></td>
<td><strong>469</strong></td>
</tr>
<tr>
<td>Competitive Wind, Solar &amp; Hydro</td>
<td>473</td>
<td>175</td>
<td><strong>648</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,325</td>
<td>3,015</td>
<td><strong>4,340</strong></td>
</tr>
</tbody>
</table>

APPROXIMATELY 11,900 MW

OF RENEWABLE GENERATION
INTERCONNECTED ACROSS THE U.S. VIA AEP’S TRANSMISSION SYSTEM TODAY
LARGEST INVESTMENT IN ENVIRONMENTAL CONTROLS
DRAMATIC REDUCTIONS IN EMISSIONS

Total AEP System NOx & SO2 Emissions

SO2

NOx

1990-2017
ACTUAL

95% 92%

Hg

2001-2017
ACTUAL

95%

Total AEP System Mercury Emissions
DRAMATIC REDUCTIONS IN EMISSIONS

Total AEP System - Annual CO₂ Emissions
in million metric tons

2000-2017
Actual
57%
CUSTOMER INITIATIVES
### Economic Development

**Strategy:**
- Attract capital investment from new and existing customers to grow revenues, create jobs, and foster community development

**Deliverable:**
- Identify, pursue, and support new capital investment projects through business attraction targeting
- Generate business development opportunities through national account relationships

### Efficient Electrification

**Strategy:**
- Market electric technologies and solutions that reduce overall customer cost and energy consumption, lead to better productivity, improved safety and comfort, enhanced competitiveness, and greater overall sustainability

**Deliverable:**
- Build technical capability of employees
- Educate customers and promote technologies that match their needs
- Set and achieve operating company load growth targets that increase revenue and customer satisfaction

### Electric Vehicles (EVs)

**Strategy:**
- Reduce total customer energy cost by expanding EV adoption in our service territory (load) and provide customer charging options that optimize the use of the system to benefit all customers (load management)

**Deliverable:**
- Provide strategic support for infrastructure buildout, customer education and outreach
- Demonstrate viability by our own use while developing and generally supporting the reduction of friction of EV ownership
# CUSTOMER-FOCUSED SOLUTIONS

<table>
<thead>
<tr>
<th>Microgrid / Distributed Energy Resources</th>
<th>Commercial and Industrial Sustainability</th>
<th>Home Energy Management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy:</strong></td>
<td><strong>Strategy:</strong></td>
<td><strong>Strategy:</strong></td>
</tr>
<tr>
<td>• Deploy solutions that meet customer and community desires for customized distributed energy solutions for resiliency, reliability, and/or economy</td>
<td>• Seek solutions to our C&amp;I customer’s sustainability initiatives by more aggressively focusing on their respective carbon reduction and reporting goals</td>
<td>• Provide customers with relevant information and home energy solutions needed to understand and control energy consumption in a manner consistent with their lifestyle</td>
</tr>
<tr>
<td><strong>Deliverable:</strong></td>
<td><strong>Deliverable:</strong></td>
<td><strong>Deliverable:</strong></td>
</tr>
<tr>
<td>• Seek utility-owned assets located on-site that benefit the customer. Focus on unique opportunities with the military, universities, commercial/industrial customers seeking distributed solutions for expanding their use of renewable energy and/or enhancing reliability and resiliency.</td>
<td>• Share our vision and gain feedback on potential solutions. The solutions, including new and modified tariffs, will be designed to reduce customer friction and allow us to effectively compete in this area.</td>
<td>• Pursue as many pilots as feasible based on current cost recovery opportunities and resources (financial and people)</td>
</tr>
</tbody>
</table>

**Microgrid / Distributed Energy Resources**

**Strategy:**
- Deploy solutions that meet customer and community desires for customized distributed energy solutions for resiliency, reliability, and/or economy.

**Deliverable:**
- Seek utility-owned assets located on-site that benefit the customer. Focus on unique opportunities with the military, universities, commercial/industrial customers seeking distributed solutions for expanding their use of renewable energy and/or enhancing reliability and resiliency.

---

**Commercial and Industrial Sustainability**

**Strategy:**
- Seek solutions to our C&I customer’s sustainability initiatives by more aggressively focusing on their respective carbon reduction and reporting goals.

**Deliverable:**
- Share our vision and gain feedback on potential solutions. The solutions, including new and modified tariffs, will be designed to reduce customer friction and allow us to effectively compete in this area.
- Continuous engagement with customers to get feedback so solutions can be refined as circumstances and technology change.

---

**Home Energy Management**

**Strategy:**
- Provide customers with relevant information and home energy solutions needed to understand and control energy consumption in a manner consistent with their lifestyle.

**Deliverable:**
- Pursue as many pilots as feasible based on current cost recovery opportunities and resources (financial and people).
The Premier Regulated Energy Company

Positioned to Deliver Superior Risk Adjusted Returns