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 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 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.
The Premier Regulated Energy Company

- **221,000** Miles of Distribution
- **40,000** Miles of Transmission
- **5.5M** Customers in 11 States
- **26GW** Owned Generation
- **17,400** Employees
- **$41B** Current Market Capitalization
- **$47B** Rate Base
- **$76B** Total Assets

Statistics as of December 31, 2019 except for market capitalization as of June 12, 2020
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 concurrently improving our operations and keeping rates affordable.

- Invest in transmission and distribution networks
- Invest in regulated and contracted renewables
- Mitigate generation risk and optimize operations
- Superior capital allocation
- Relentless O&M optimization/Future of work
- Improve customer experience
KEY AEP THEMES

- 5%-7% Earnings Growth Rate
- Proven Track Record of TSR and EPS Performance
- Strong Dividend Growth
- O&M Optimization
- Transforming Our Generation Fleet
Strong Profile for Investors

Incentive Comp Tied to EPS

Investment Pipeline

Steady Growth

Total Shareholder Return

- ~3% Dividend Yield
  5%-7% CAGR

- 5%-7% EPS Growth
  2020 Operating Earnings Guidance
  $4.25-$4.45 per share

Consistent Dividends

Low Risk, Regulated Assets
Proven Track Record of Performance

Favorable Total Shareholder Return\(^1\)

- AEP
- S&P 500 Electric Utilities Index
- S&P 500

Decade of Meeting or Exceeding Original Guidance

1 Year
- 30.5% (AEP), 27.5% (S&P 500), 31.5% (S&P 500)

3 Year
- 66.4% (AEP), 46.9% (S&P 500), 53.1% (S&P 500)

5 Year
- 85.6% (AEP), 60.4% (S&P 500), 73.8% (S&P 500)

Data as of December 31, 2019

Key:
- Low-End
- Midpoint
- High-End
Strong Dividend Growth

Targeted payout ratio 60-70% of operating earnings

Over 109 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
Achieving Excellence: A disciplined O&M optimization process to improve our business

**Key Features**

- Program is an ongoing part of our enhanced target setting process
- Catalyst team includes employees with strong analytic, teamwork and project management skills
- Group leaders include heads of business units who partner with and evaluate ideas from catalyst team
- Steering Committee reviews recommendations and makes implementation decisions
2020 represents expected capacity as of 6/30/20. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.
Retirement Progress and Plans

<table>
<thead>
<tr>
<th>Year</th>
<th>Plant</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Sporn 5</td>
<td>450 MW</td>
</tr>
<tr>
<td>2012</td>
<td>Conesville 3</td>
<td>165 MW</td>
</tr>
<tr>
<td>2014</td>
<td>Beckjord</td>
<td>53 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Big Sandy 2</td>
<td>800 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Clinch River 3</td>
<td>235 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Glen Lyn 5 &amp; 6</td>
<td>335 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Kammer 1-3</td>
<td>630 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Kanawha River 1 &amp; 2</td>
<td>400 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Muskingum River 1-5</td>
<td>1,440 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Picway 5</td>
<td>100 MW</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Plant</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Sporn 1-4</td>
<td>600 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Tanners Creek 1-4</td>
<td>995 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Big Sandy 1</td>
<td>278 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Clinch River 1 &amp; 2</td>
<td>470 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Northeastern 4</td>
<td>470 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Welsh 2</td>
<td>528 MW</td>
</tr>
</tbody>
</table>

1 Includes 2012 Turk Plant addition and 40% of Conesville 4 that was acquired in conjunction with the sale of Zimmer Plant.
## Projected Resource Additions

### Solar Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>15</td>
<td>300</td>
<td>750</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>150</td>
<td>600</td>
<td>550</td>
</tr>
<tr>
<td>KPCo</td>
<td>20</td>
<td>253</td>
<td>-</td>
</tr>
<tr>
<td>PSO</td>
<td>11</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>196</td>
<td>1,753</td>
<td>2,200</td>
</tr>
</tbody>
</table>

### Wind Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>300</td>
<td>150</td>
<td>300</td>
</tr>
<tr>
<td>KPCo</td>
<td>-</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>PSO</td>
<td>675 (^1)</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>810 (^1)</td>
<td>600</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>1,785</td>
<td>1,450</td>
<td>700</td>
</tr>
</tbody>
</table>

### Natural Gas Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>I&amp;M</td>
<td>18</td>
<td>18</td>
<td>788</td>
</tr>
<tr>
<td>PSO</td>
<td>373 (^2)</td>
<td>410 (^2)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>391</td>
<td>428</td>
<td>788</td>
</tr>
</tbody>
</table>

\(^2\) To replace expiring PPA

1 Subject to regulatory filings currently underway

---

### Total Projected Resource Additions (MW)

<table>
<thead>
<tr>
<th>Resource</th>
<th>2020-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>4,149</td>
</tr>
<tr>
<td>Wind</td>
<td>3,935</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,607</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>9,691</strong></td>
</tr>
</tbody>
</table>

Updated 5/1/2020
### North Central Wind Overview

#### SWEPPO and PSO Regulated Wind Investment

<table>
<thead>
<tr>
<th>Name</th>
<th>MW</th>
<th>Investment</th>
<th>In-Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundance</td>
<td>199</td>
<td>$307M</td>
<td>EOY 2020 (100% PTC)</td>
</tr>
<tr>
<td>Traverse</td>
<td>999</td>
<td>$1,287M</td>
<td>EOY 2021 (80% PTC)</td>
</tr>
<tr>
<td>Maverick</td>
<td>287</td>
<td>$402M</td>
<td></td>
</tr>
</tbody>
</table>

#### Net Capacity Factor
- 44.0%

#### Customer Savings
- ~$3 billion (30-year nominal $)

<table>
<thead>
<tr>
<th>Jurisdiction (Docket #)</th>
<th>MW</th>
<th>% of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSO (PUD 2019-00048)</td>
<td>675</td>
<td>45.5%</td>
</tr>
<tr>
<td>SWEPPO – AR (19-035-U)</td>
<td>155</td>
<td>10.4%</td>
</tr>
<tr>
<td>SWEPPO – LA (U-35324)</td>
<td>268</td>
<td>18.1%</td>
</tr>
<tr>
<td>SWEPPO – TX (49737)</td>
<td>309</td>
<td>20.8%</td>
</tr>
<tr>
<td>SWEPPO - FERC</td>
<td>78</td>
<td>5.2%</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>1,485</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

- Regulated rate base wind investment with ability to meaningfully reduce customer rates
  - Acquiring facilities on a fixed cost, turn-key basis at completion
  - Contingent upon satisfactory regulatory approvals
- Investment not included in the Company’s current capital expenditure plan
## North Central Wind Procedural Schedules

<table>
<thead>
<tr>
<th>Jurisdiction (Docket #)</th>
<th>Intervenor Testimony</th>
<th>Staff Testimony</th>
<th>Rebuttal Testimony</th>
<th>Hearing</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSO (PUD 2019-00048)</td>
<td>November 1, 2019</td>
<td>November 1, 2019</td>
<td>N/A</td>
<td>January 13, 2020 (Settlement Hearing)</td>
<td>Commission approved on February 20, 2020</td>
</tr>
<tr>
<td>SWEPCO – AR (19-035-U)</td>
<td>December 13, 2019</td>
<td>December 13, 2019</td>
<td>N/A</td>
<td>March 10, 2020</td>
<td>Commission approved on May 5, 2020 and includes flex-up option</td>
</tr>
<tr>
<td>SWEPCO – LA (U-35324)</td>
<td>February 7, 2020</td>
<td>February 7, 2020</td>
<td>N/A</td>
<td>N/A</td>
<td>Commission approved on May 27, 2020 and includes flex-up option</td>
</tr>
<tr>
<td>SWEPCO – TX (49737)(^1)</td>
<td>January 14, 2020</td>
<td>January 22, 2020</td>
<td>February 12, 2020</td>
<td>February 24, 2020</td>
<td>ALJs recommended denial on May 26, 2020, awaiting commission order</td>
</tr>
</tbody>
</table>

\(^1\) Texas has a 365-day statutory timeline for issuing an order, making the requested approval date July 15, 2020 (366 days, 2020 is a leap year)

Note: In February 2020, FERC approved the wind acquisition
## Robust Organic Capital Opportunities

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transmission</strong></td>
<td>Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects</td>
</tr>
<tr>
<td><strong>Distribution</strong></td>
<td>Grid modernization, reliability improvement projects and distribution station refurbishment</td>
</tr>
<tr>
<td><strong>Renewables</strong></td>
<td>Regulated renewables supported by integrated resource plans and contracted renewables</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Digitization, automation, cyber security, enterprise-wide applications</td>
</tr>
</tbody>
</table>
2020 - 2024 Capital Forecast of $33B and Net Plant

2020-2024 Capital Forecast

- **AEP Transmission Holdco**: $7.8B (24%)
- **Distribution**: $10.3B (31%)
- **Transmission**: $7.6B (23%)
- **Regulated New Generation**: $0.3B (1%)
- **Regulated Environmental Generation**: $0.9B (3%)
- **Regulated Fossil/Hydro Generation**: $0.8B (3%)
- **Nuclear Generation**: $0.4B (1%)
- **IT/Workplace Services**: $2.5B (8%)
- **Contracted Renewables**: $2.1B (6%)
- **Regulated Renewables**: $0.2B (0%)

100% of capital allocated to regulated businesses and contracted renewables

78% allocated to wires

Focus on wires and renewables

Historical Net Plant Profiles

- **2009**:
  - Distribution: 50% Generation: $15.4B
  - Transmission: $5.7B
  - Total: $31.1B

- **2019**:
  - Distribution: 33% Generation: $13.6B
  - Transmission: $24.4B
  - Total: $56.4B

Does not include North Central Wind
7.9% CAGR in Rate Base Growth

Cumulative Change from 2018 Base

2018 Rate Base Proxy
Vertically Integrated Utilities $24.3B
T&D Utilities $10.9B
Transcos/Transource $6.8B
Total $42.0B

5%-7% EPS growth is predicated on regulated rate base growth
Nearly 70% of 2020-2024 capital plan recovered through reduced lag mechanisms
AEP Transmission Strategy Framework

AEP STRATEGIC VISION: INVEST IN TRANSMISSION NETWORK

Diverse five-year capital investment portfolio of over $15 billion across AEP’s broad footprint

Delivering significant customer benefits:
- Higher reliability
- Lower energy costs
- Economic development
- Public policy goals

Disciplined execution:
- Low cost, high value solutions
- High speed delivery
- Technological innovation

STABLE COST RECOVERY FRAMEWORK

DELIVER VALUE TO CUSTOMERS AND PREDICTABLE EARNINGS GROWTH
American Electric Power Company, Inc. (AEP)

AEP Transmission Holding Co. LLC ("AEP Trans Holdco")

AEP Transmission Company, LLC ("AEP Transco")

- AEP Indiana Michigan Transmission Co., Inc. $2,725M Net Plant
- AEP Appalachian Transmission Co., Inc. $94M Net Plant
- AEP Kentucky Transmission Co., Inc. $138M Net Plant
- AEP Ohio Transmission Co., Inc. $4,086M Net Plant
- AEP West Virginia Transmission Co., Inc. $1,560M Net Plant

Total $9,775M Net Plant

Pioneer Transmission, LLC

- $187M Net Plant

Electric Transmission America, LLC

- Prairie Wind Transmission, LLC

Transource Energy, LLC

- Transource West Virginia, LLC
- Transource Maryland, LLC
- Transource Pennsylvania, LLC

$423M Net Plant

Electric Transmission Texas, LLC

$3,086M Net Plant

Grid Assurance

Joint Venture

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

Net plant totals are as of March 31, 2020.

1 Debt issued at AEP Transco level for transmission companies

2 Does not include Independence Energy Connection Project
Five Year Transmission Capital Plan

2020-2024 INVESTMENT BY RTO ($ MILLIONS)$

- PJM: $3,159
- ERCOT: $2,297
- SPP: $2,297
- Total: $9,772

2020-2024 TRANSMISSION INVESTMENT BY CATEGORY ($ MILLIONS)$

- Asset Replacement: $6,480
- Local Reliability: $1,414
- RTO Driven: $282
- Customer Service: $2,158
- Telecommunication: $4,894

INVESTMENT CATEGORIES

**ASSET REPLACEMENT**
- Asset condition, performance history and risk of failure

**LOCAL RELIABILITY**
- Transmission owner reliability planning criteria

**RTO DRIVEN**
- RTO reliability planning criteria
- Market efficiency
- Public policy needs and goals

**CUSTOMER SERVICE**
- Connecting new and enhanced service requests
- Facilitating local economic development

**TELECOM**
- Cyber-security requirements
- Asset health monitoring
- Efficient grid operations

1 Does not include $200 million of Transource capital investment
AEPTHC’s 2015 – 2022 EPS growth projected at a CAGR of 19.4%
Stable Cost Recovery Framework

**STABLE AND CLEAR WHOLESALE COST RECOVERY FOR TRANSMISSION**

**AEP RECOVERS ~93% OF ITS CAPITAL INVESTMENT THROUGH STATE TRACKER/RIDER (T/R) MECHANISMS**

**TRANSMISSION INCENTIVES NOTICES OF INQUIRY**

- **Transmission Incentives** – AEP supports continuation of the current incentives, particularly the RTO-participation incentive, reflective of the tremendous customer benefits RTO participation provides and additional incentives that provide grid modernization, security and resilience

<table>
<thead>
<tr>
<th></th>
<th>PJM</th>
<th>SPP</th>
<th>ERCOT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROE</strong></td>
<td>10.35% (Includes RTO adder)</td>
<td>10.5% (Includes RTO adder)</td>
<td>9.4% (AEP Texas) 9.6% (ETT)</td>
</tr>
<tr>
<td><strong>Forward Looking Rates</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Allowed two updates per year</td>
</tr>
<tr>
<td><strong>Equity Structure</strong></td>
<td>Capped at 55%</td>
<td>No Cap</td>
<td>Capped at 42.5% (AEP Texas) and 40% (ETT)</td>
</tr>
<tr>
<td><strong>Rate Effective</strong></td>
<td>January 1, 2018</td>
<td>June 5, 2017</td>
<td>May 29, 2020 (AEP Texas) April 4, 2008 (ETT)</td>
</tr>
<tr>
<td><strong>Final Regulatory Approval</strong></td>
<td>May, 2019</td>
<td>June, 2019</td>
<td>April 6, 2020 (AEP Texas)</td>
</tr>
</tbody>
</table>

**FULL TRACKER/RIDER (T/R) RECOVERY**

**Partial T/R Recovery**

**Pending/Formula or Base Case**
Significant Need For Asset Replacement

<table>
<thead>
<tr>
<th>Type</th>
<th>Life Expectancy</th>
<th>Current Quantity over Life Expectancy</th>
<th>Quantity that will Exceed Life Expectancy in Next 10 Years</th>
<th>Total Replacement Need</th>
<th>Percent of AEP System Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Rebuilds</td>
<td>70</td>
<td>5,915</td>
<td>4,931</td>
<td>10,846</td>
<td>27%</td>
</tr>
<tr>
<td>Transformers</td>
<td>60</td>
<td>223</td>
<td>124</td>
<td>347</td>
<td>28%</td>
</tr>
<tr>
<td>Circuit Breakers</td>
<td>50</td>
<td>882</td>
<td>583</td>
<td>1,465</td>
<td>16%</td>
</tr>
</tbody>
</table>

$2.3 billion of annual on-system capital investment is required to maintain current age profile

Asset replacement projects are prioritized based on performance, condition and risk
UTILITY TRANSFORMATION
Identified Core Business Investments

Current State of Distribution Grid
- $1.8B of annual investment
- $2.7B investment needed to maintain current assets

10-Year Incremental Distribution Capital Investment Potential: ~$18B

AEP invests in our customers’ future by focusing on reliability and the customer experience. AEP has a strong track record in securing regulatory support and executing distribution investments.

<table>
<thead>
<tr>
<th>Investment Opportunity</th>
<th>Capital Investment $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid Modernization</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>Line Re-conductoring – Asset Renewal</td>
<td>$13.0 billion</td>
</tr>
<tr>
<td>Pole Replacements – Asset Renewal</td>
<td>$0.5 billion</td>
</tr>
<tr>
<td>Distribution Station Transformer and Breaker Replacements – Asset Renewal</td>
<td>$1.4 billion</td>
</tr>
</tbody>
</table>

Known and identified investments that will improve reliability and operability of the grid

Partner with states to help spur economic development

1 10-year capital investment potential is above current $1.8B annual spend, 7-10% O&M required to support the capital investment
Robust Distribution Capital Expenditure Opportunities

<table>
<thead>
<tr>
<th>Type</th>
<th>Life Expectancy</th>
<th>Current Quantity over Life Expectancy</th>
<th>Quantity that will Exceed Life Expectancy in Next 10 Years</th>
<th>Total Replacement Need</th>
<th>Percent of AEP System Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformers</td>
<td>60</td>
<td>903</td>
<td>565</td>
<td>1,468</td>
<td>41%</td>
</tr>
<tr>
<td>Circuit Breakers</td>
<td>50</td>
<td>1,030</td>
<td>842</td>
<td>1,872</td>
<td>21%</td>
</tr>
</tbody>
</table>

$2.7 billion of annual on-system capital investment is required to maintain current age profile
INVESTING IN COMPETITIVE BUSINESS
As of March 31, 2020

AEP Competitive Businesses
Active in 31 States (7 State overlap with AEP Utilities)
### Development Pipeline

- Progress continues in our development portfolio across four geographically dispersed areas

- In October 2019, the 128 MW Flat Ridge 3 wind project in Kansas was to be placed in service by the end of 2020 using all of our PTC Safe Harbor equipment (qualifying the plant for 100% PTCs). In January 2020, we announced a long-term power agreement with Evergy for the entire output of the wind project.

- 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

- Fowler Ridge 2, Cedar Creek 2, Flat Ridge 2 and Mehoopany are all ending their PTC lives by year end 2021

- All 4 wind farms are being evaluated as potential repower candidates

- If the repowers were to take place, it would most likely be at 80% or 60% PTC level
FINANCIAL INFORMATION
Return on Equity

Twelve Months Ended 3/31/2020 Earned ROE’s (non-GAAP operating earnings, not weather normalized)

Regulated Operations ROE of 9.1%

*as of March 31, 2020*

1 Base rate cases pending/settled/order recently received

*Sphere size based on each company’s relative equity balance*
## Current Rate Case Activity

### AEP Ohio
- **Docket #:** 20-0585-EL-AIR
- **Filing Date:** 06/01/2020
- **Requested Rate Base:** $3.1B
- **Requested ROE:** 10.15%
- **Cap Structure:** 45.6%D / 54.4%E
- **Gross Revenue Increase:** $36M (Less $4.5M Depr Decrease)
- **Net Revenue Increase:** $41M
- **Test Year:** 11/31/2020

### AEP Texas
- **Docket #:** 49494
- **Filing Date:** 05/01/2019
- **Requested Rate Base:** $5.0B
- **Requested ROE:** 10.5%
- **Cap Structure:** 55%D / 45%E
- **Revenue Increase:** $56M ($35M Net of Tax Rider)
- **Test Year:** 12/31/2018

**Settlement Summary**
- **Unanimous Settlement Filed:** 02/13/2020
- **Commission Order:** 04/06/2020
- **Effective Date:** 05/29/2020
- **ROE:** 9.4%
- **Cap Structure:** 57.5%D / 42.5%E
- **Revenue Decrease:** $40M
Current Rate Case Activity

APCo – Virginia

Docket #: PUR-2020-00015
Filing Date: 03/31/2020
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: 12/31/19

Procedural Schedule:
- Intervenor Testimony: 07/30/2020
- Staff Testimony: 08/13/2020
- Rebuttal Testimony: 08/28/2020
- Hearing: 09/14/2020
- Expected Effective Date: First Quarter 2021

I&M – Indiana

Docket #: 45235
Filing Date: 05/14/2019
Requested Rate Base: $4.9B
Requested ROE: 10.5%
Cap Structure: 53.2%D / 46.8%E
Gross Revenue Increase: $172M
(Less $84M D&A, Wholesale Rev, Nuc Decom)
Net Revenue Increase: $88M
Test Year: 2020 Forecasted

Commission Order Summary
Order Received: 03/11/2020
Effective Date: 03/11/2020
ROE: 9.7%
Cap Structure: 53.2%D / 46.8%E
Gross Revenue Increase: $77M
(Less $51M D&A, Wholesale Rev)
Net Revenue Increase:

1 Result of compliance filing on March 31, 2020
2 Includes D&A of $30M and wholesale revenues of $21M
## 2020 Financial Outlook

### 2020 Earnings Guidance Range

**$4.25 - $4.45**

<table>
<thead>
<tr>
<th>Revised 2020 Load Growth Projections</th>
<th>2020 Guidance</th>
<th>Impact on EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>EEI</td>
<td>Revised</td>
</tr>
<tr>
<td>3.0%</td>
<td>0.5%</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Commercial</td>
<td></td>
<td>($0.15)</td>
</tr>
<tr>
<td>(5.6%)</td>
<td>Q1 2020 Weather</td>
<td>-</td>
</tr>
<tr>
<td>(8.0%)</td>
<td>Untracked O&amp;M</td>
<td>$2.8B</td>
</tr>
<tr>
<td></td>
<td>Capital Expenditures</td>
<td>$6.3B</td>
</tr>
<tr>
<td></td>
<td>Revised</td>
<td>Revised</td>
</tr>
<tr>
<td></td>
<td>$6.3B</td>
<td>$5.8B</td>
</tr>
<tr>
<td></td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>($0.09)</td>
</tr>
</tbody>
</table>

### Items that would positively impact management’s view:

- Strong V-shaped economic recovery
- Mitigation of coronavirus infections
- Further increase in residential sales and less than anticipated decrease in commercial and industrial sales
- Warmer summer weather
- Additional O&M savings achieved

### Items that would negatively impact management’s view:

- Prolonged U-shaped economic recovery
- Increased coronavirus infection rates
- Residential, commercial and industrial sales lower than projected
- Mild weather
- Higher storm-related O&M expense
Normalized Load Trends

Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load. Revised forecast assumes greatest impact on load in Q2 2020 followed by a gradual recovery over the balance of the year.
Bending the O&M Curve

- O&M focuses on bending the O&M curve down
- O&M actual spend represents adjusted spend throughout each year as needed
## Initiatives

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Actions</th>
</tr>
</thead>
</table>
| **Achieving Excellence Program** | • Employee based O&M prioritization and optimization effort  
• Drive down costs in 2020 and beyond  
• Program will leverage the experience of EHS Partners |
| **Lean Management System Implementation/Continuous Process Improvement** | • **Distribution** – Drive enhanced reliability which will lead to reduced O&M cost associated with storm restoration in the long term  
• **Supply chain** – Optimize the material requisition process to improve material lead times, reducing stock outs and increasing crew productivity resulting in reduced O&M cost  
• **Fleet operations** – Focus on reducing the number of vehicle platforms/options acquired and optimizing the acquisition process to reduce acquisition and maintenance costs  
• **Generation (system productivity)** – Fleet wide team-based focus on the reduction of waste associated with targeted plant systems, e.g. coal handling, scrubbers |
| **Data Analytics** | • **Workforce optimization** – Employee/contractor mix  
• **Hot socket model** – Using AMI data to preemptively identify meters at risk  
• **Revenue protection** – Detecting meter tampering  
• **Frequency regulation** – Analysis of PJM bidding strategies |
| **Automation** | • Scrap metal billing and management  
• Service Corp billing allocation factors  
• No-bill workflow assignment process  
• Customer workflow scheduling |
| **Digital Tools** | • **“The Zone”** – Machine learning tool to operate fossil units at optimal level to minimize O&M and capital, while maintaining and improving performance  
• **Generation Monitoring and Diagnostic Center** – Predictive capabilities that save O&M and capital |
| **Use of Drones** | • Storm damage assessment  
• Real estate and land surveys  
• Transmission facility inspections, construction monitoring and documentation  
• Telecommunication tower inspections  
• Cooling tower and boiler inspections |
| **Outsourcing** | • Accounting and tax initiative  
• Rapid application and information support  
• Lockbox for customer payments by check |
| **Workforce Planning** | • Approximately 4,000 employees will retire or leave in the next 5 years |
| **Strategic Sourcing** | • 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 |
Capitalization and Liquidity

**Total Debt / Total Capitalization**

- **2015**: 53.2%
- **2016**: 55.9%
- **2017**: 55.5%
- **2018**: 57.0%
- **2019**: 59.8%
- **Q1-2020**: 61.8%

**Credit Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>GAAP</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO to Total Debt</td>
<td>12.5%</td>
<td>12.0%</td>
<td>Low to Mid Teens</td>
</tr>
</tbody>
</table>

1 13.0% when adjusted by subtracting cash balances from total debt due to intentional borrowing to build cash for liquidity reserve purposes

Represents the trailing 12 months as of 3/31/2020

**Liquidity Summary**

<table>
<thead>
<tr>
<th>(unaudited)</th>
<th>3/31/2020 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>$4,000</td>
</tr>
<tr>
<td>364-Day Term Loan</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Plus</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>1,555</td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Paper Outstanding</td>
<td>(2,710)</td>
</tr>
<tr>
<td>364-Day Term Loan</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Letters of Credit Issued</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Available Liquidity</strong></td>
<td><strong>$2,845</strong></td>
</tr>
</tbody>
</table>

**Qualified Pension Funding**

- **2015**: 97%
- **2016**: 96%
- **2017**: 101%
- **2018**: 99%
- **2019**: 97%
- **Q1-2020**: 93%
2020 Debt Issuance and Maturities Overview

($ in millions)

AEG  AEP, Inc.  AEP Texas  APCo  I&M  KPCo  OPCo  PSO  SWEPCo  Transco

2020 Maturities  2020 Expected Issuances
### Long-Term Debt Maturity Profile

<table>
<thead>
<tr>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP, Inc.</td>
<td>$500.0</td>
<td>$400.0</td>
<td>$1,105.0</td>
<td>- $</td>
<td>$299.0</td>
<td>- $</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$150.0</td>
<td>- $</td>
<td>$45.0</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td>AEP Texas¹</td>
<td>$110.6</td>
<td>- $</td>
<td>$625.0</td>
<td>$125.0</td>
<td>- $</td>
<td>$300.0</td>
</tr>
<tr>
<td>AEP Transmission Company</td>
<td>- $</td>
<td>$50.0</td>
<td>$104.0</td>
<td>$60.0</td>
<td>$95.0</td>
<td>$90.0</td>
</tr>
<tr>
<td>Appalachian Power¹</td>
<td>$65.4</td>
<td>$367.5</td>
<td>$329.4</td>
<td>- $</td>
<td>$86.0</td>
<td>$300.0</td>
</tr>
<tr>
<td>Indiana Michigan Power</td>
<td>$2.0</td>
<td>$298.5</td>
<td>$39.5</td>
<td>$294.0</td>
<td>$53.5</td>
<td>$150.0</td>
</tr>
<tr>
<td>Kentucky Power</td>
<td>$65.0</td>
<td>$40.0</td>
<td>$200.0</td>
<td>- $</td>
<td>$65.0</td>
<td>- $</td>
</tr>
<tr>
<td>Ohio Power</td>
<td>- $</td>
<td>$500.0</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
</tr>
<tr>
<td>Public Service of Oklahoma</td>
<td>$12.7</td>
<td>$250.0</td>
<td>$125.0</td>
<td>- $</td>
<td>- $</td>
<td>$125.0</td>
</tr>
<tr>
<td>Southwestern Electric Power</td>
<td>$115.0</td>
<td>- $</td>
<td>$275.0</td>
<td>- $</td>
<td>$25.0</td>
<td>- $</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>- $</td>
<td>- $</td>
<td>$178.0</td>
<td>- $</td>
<td>- $</td>
<td>$122.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,020.6</td>
<td>$1,906.0</td>
<td>$3,025.8</td>
<td>$479.0</td>
<td>$623.5</td>
<td>$1,087.0</td>
</tr>
</tbody>
</table>

* Excludes securitization bonds

Includes mandatory tenders (put bonds)

Data as of March 31, 2020
## AEP Credit Ratings

<table>
<thead>
<tr>
<th>Company</th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>[Company Name]</td>
<td>Senior Unsecured</td>
<td>Outlook</td>
</tr>
<tr>
<td>American Electric Power Company Inc.</td>
<td>Baa1</td>
<td>N</td>
</tr>
<tr>
<td>AEP, Inc. Short Term Rating</td>
<td>P2</td>
<td>S</td>
</tr>
<tr>
<td>AEP Texas Inc.</td>
<td>Baa1</td>
<td>N</td>
</tr>
<tr>
<td>AEP Transmission Company, LLC (^1)</td>
<td>A2</td>
<td>S</td>
</tr>
<tr>
<td>Appalachian Power Company (^2)</td>
<td>Baa1</td>
<td>S</td>
</tr>
<tr>
<td>Indiana Michigan Power Company (^2)</td>
<td>A3</td>
<td>S</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>Baa3</td>
<td>S</td>
</tr>
<tr>
<td>AEP Ohio</td>
<td>A2</td>
<td>N</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>A3</td>
<td>N</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>Baa2</td>
<td>S</td>
</tr>
<tr>
<td>Transource Energy (^3)</td>
<td>A2</td>
<td>S</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 May 1, 2020
ENVIRONMENTAL DATA
### AEP's Expected June 30, 2020 Renewable Portfolio (in MW)

<table>
<thead>
<tr>
<th>Hydro, Wind, Solar and 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>209</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>785</td>
<td>575</td>
<td>1,360</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>36</td>
<td>450</td>
<td>486</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>1,137</td>
<td></td>
<td>1,137</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>469</td>
<td></td>
<td>469</td>
</tr>
<tr>
<td>Competitive Wind, Solar and Hydro</td>
<td>1,471</td>
<td>101</td>
<td>1,572</td>
</tr>
<tr>
<td>Total</td>
<td>2,292</td>
<td>2,941</td>
<td>5,233</td>
</tr>
</tbody>
</table>

### Delivering Clean Energy Resources

**APPROXIMATELY 11,900 MW of Renewable Generation Interconnected Across the U.S. via AEP’s Transmission System Today**
Emission Reduction Goals

AEP’s Carbon Emission Reduction Goals

70% by 2030
80% by 2050

(both from a 2000 baseline)

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

Environmental, Social and Governance (ESG) Reporting:

- AEP’s Corporate Accountability Report
- EEI ESG Sustainability Reporting: AEP’s 2019 EEI ESG Report
- AEP’s CDP Survey Responses
- AEP’s GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

1 Aspiration is zero emissions
Largest Investment in Controls

INVESTMENTS IN ENVIRONMENTAL CONTROLS $ in millions


Total Estimated $9 Billion

Estimated
Dramatic Reductions in Emissions

**TOTAL AEP SYSTEM NO\textsubscript{x} & SO\textsubscript{2} EMISSIONS**

Direct annual emissions of SO\textsubscript{2} and NO\textsubscript{x} from AEP’s ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

**TOTAL AEP SYSTEM MERCURY AIR EMISSIONS**

AEP equity share of mercury air emissions from Toxic Release Inventory reporting. 2019 was estimated with MATS program emission monitors.
Dramatic Reductions in Emissions

TOTAL AEP SYSTEM – ANNUAL CO₂ EMISSIONS in million metric tons

Direct CO₂ emissions from AEP’s ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

2000-2019
Actual

CO₂

65%