



BOUNDLESS ENERGY<sup>SM</sup>



**June 2022**  
**Investor Meetings**  
June 7-8, 2022





# “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, costs of compliance with potential government regulations and employees’ reactions to those regulations, electricity usage, supply chain issues, customers, service providers, vendors and suppliers, the economic impact of escalating global trade tensions including the conflict between Russia and Ukraine, and the adoption or expansion of economic sanctions or trade restrictions, 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 (i) if expected sources of capital, such as proceeds from the sale of assets or subsidiaries, do not materialize, and (ii) 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 transition from fossil generation and 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, 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 and military conflicts, 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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# Pure Play Regulated Utility

**16,700 EMPLOYEES**

**26GW OWNED GENERATION**

**5.5M CUSTOMERS, 11 STATES**

**\$88B TOTAL ASSETS**

**40,000 TRANSMISSION MILES  
LARGEST IN THE U.S.**

**224,000 DISTRIBUTION MILES**

**\$56B RATE BASE**

**\$51B CURRENT MARKET CAPITALIZATION**

Statistics as of December 31, 2021 except for owned generation as of March 31, 2022 and market capitalization as of June 3, 2022.

# AEP's Strategic Vision and Execution

## Execute Strategy

### Clean

Lead the transformation to a clean energy economy through electrification and zero carbon resources

## Top Priorities

- Transform all parts of our business to align with AEP emission reduction goals
- Improve the reliability and resiliency of the grid to facilitate a clean energy economy for our communities

### Customer and Community Centric Growth

Aggressively expand investments and service offerings

- Advance electrification of the economy
- Support and build thriving communities through economic development and job growth
- Diversify our asset base and service offerings

### Innovate and Achieve

Continue to raise the bar in operational excellence and empower teams to integrate technologies, analytics and risk mitigation tools for the benefit of our customers and communities

- Achieve 6%-7% per year earnings per share growth and maintain at least a BBB Stable/Baa2 Stable credit rating
- Empower our teams to continually innovate solutions in all aspects of our business
- Be best in class in cost and operational excellence through our continuous improvement foundation of Achieving Excellence

### Affordable

Relentless pursuit of affordable energy solutions

- Be an industry leader in cost efficiency
- Grow our business while keeping rates at or below regional average
- Ensure cost competitiveness with leading technologies

### Engage

Equip our workforce and improve our employee experience

- Achieve Zero Harm
- Be a great place to work



# AEP KEY THEMES

- **Strong Return Proposition with Proven Track Record of EPS Performance and Dividend Growth**
- **Commitment to ESG**
- **Generation Transformation**
- **Flexible Capital Investment Pipeline**
- **Dedication to Customer Affordability and Credit Rating**





# Strong Return Proposition

## Total Shareholder Return

**9% – 10%**

Dividend Yield  
3%

+

EPS Growth  
6% – 7%

## 2022 Operating Earnings Guidance Range

**\$4.87 – \$5.07**

2021 EPS  
Original  
Midpoint  
\$4.65

+

6.5% EPS  
Growth

+

KY Sale  
Accretion

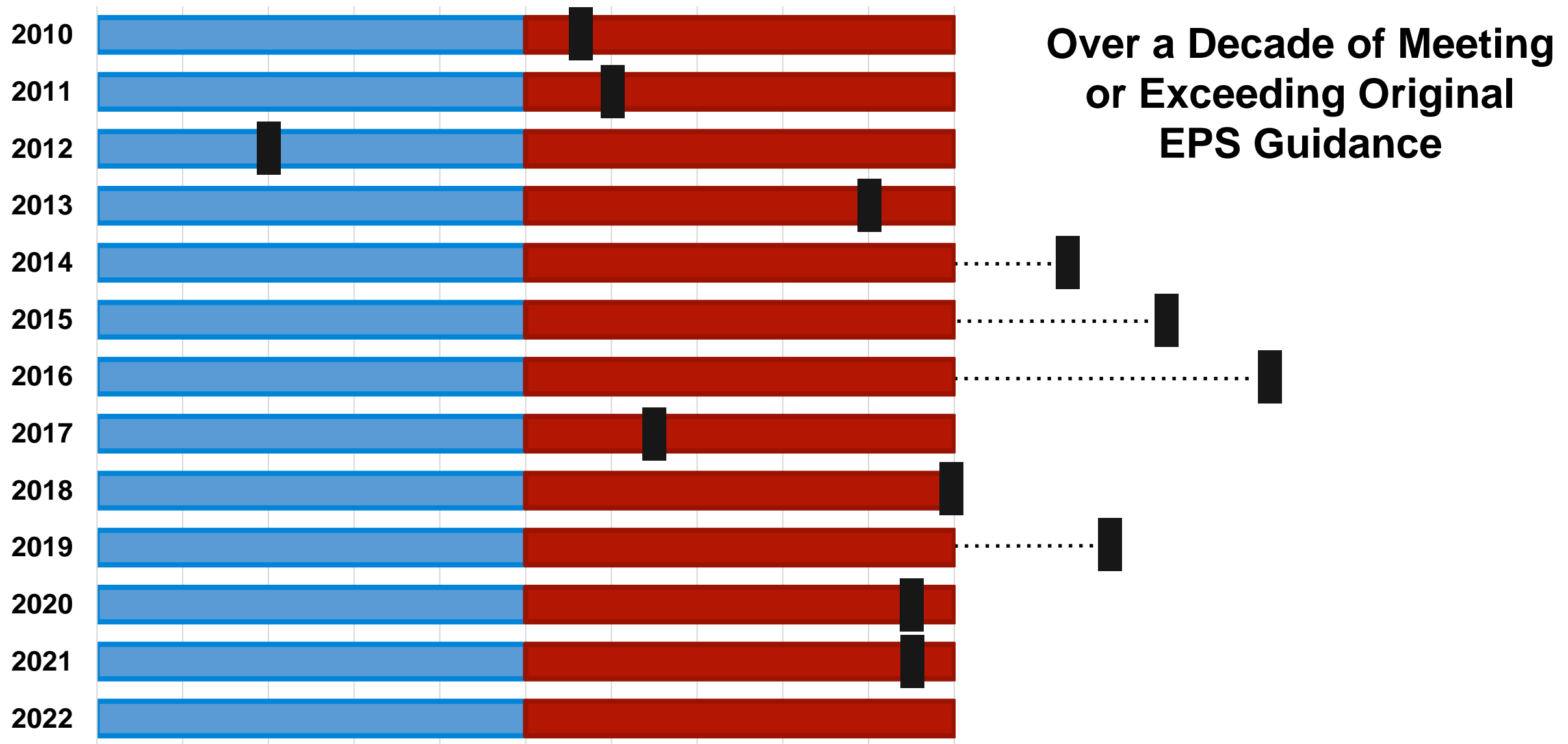
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2022 EPS  
Midpoint  
\$4.97

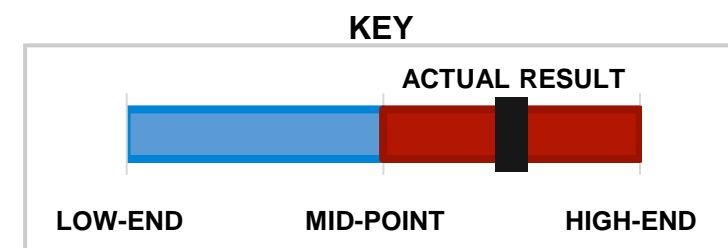
- ✓ **Steady Growth**
- ✓ **Consistent Dividends**
- ✓ **Low Risk, Regulated Assets**
- ✓ **Investment Pipeline**
- ✓ **Incentive Compensation Tied to EPS Results**

**Organic Growth Opportunities in  
Renewables and Wires Significantly  
Extends 6%-7% Runway**

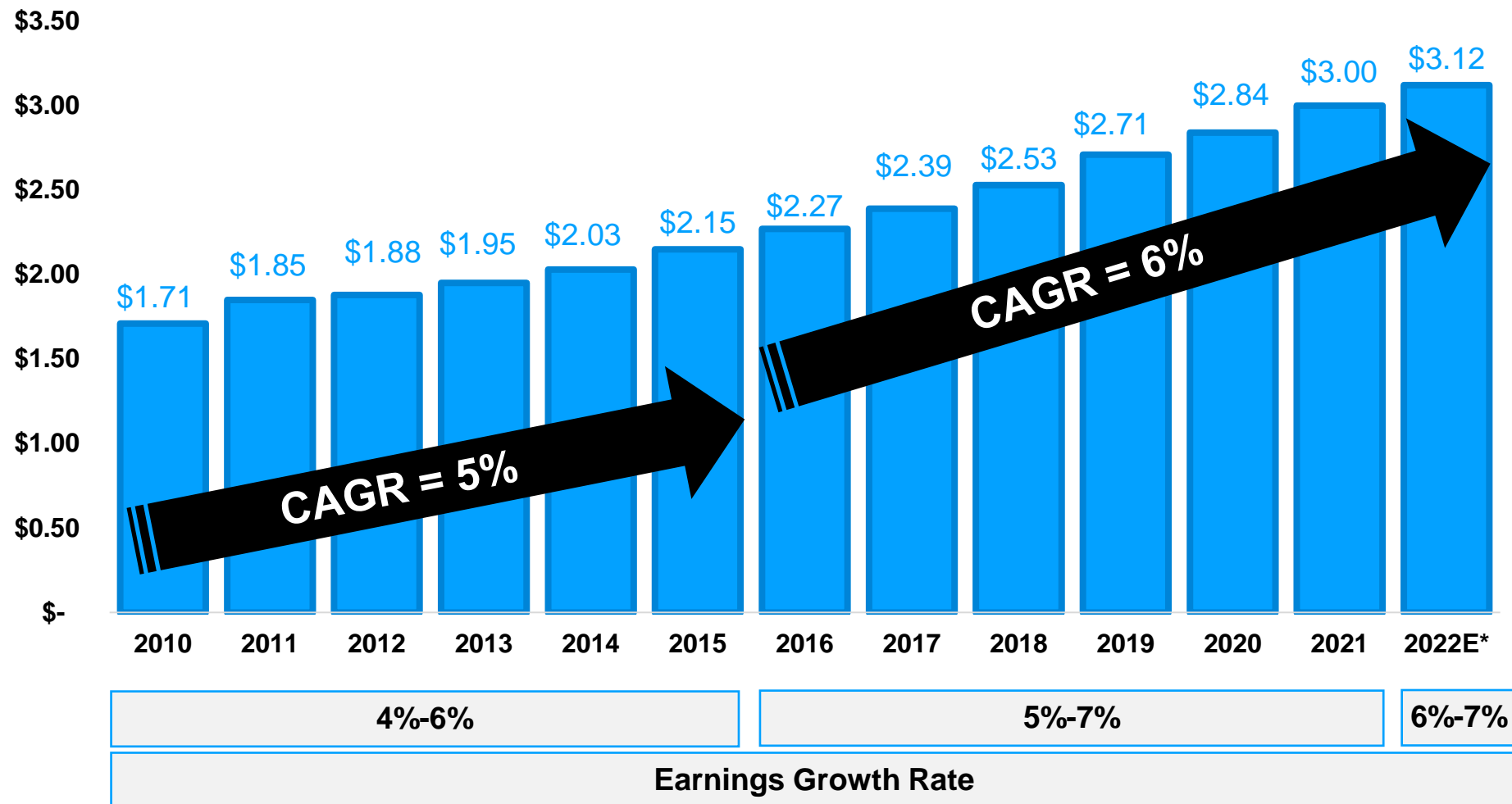
# Proven Track Record of EPS Performance



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 112 years of consecutive quarterly dividends
- ✓ Targeted dividend growth in line with earnings

**EPS Growth + Dividend Yield = 9% to 10% Annual Return Opportunity**

\* Common dividends increased to \$0.78 per share Q4-21; \$3.12/share in 2022 (dividends per share remain constant until approved by Board of Directors). Dividends evaluated by Board of Directors each quarter.



# Commitment to ESG

## Environmental

- Accelerated carbon emission reduction goals: 80% by 2030, net zero by 2050
- ~\$9B spent on environmental controls since 2000
- 47% reduction in coal capacity as a percent of total capacity by 2030
- 2021 coal capacity = 13.1% of rate base
- 2021 coal revenue = 13.6% of total revenue
- Clean energy transition tied to long-term incentive compensation

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

CO<sub>2</sub>  
70%

SO<sub>2</sub>  
98%

NO<sub>x</sub>  
95%

Hg  
97%

## Social

- Promote diversity, equity and inclusion
- Service territory economic and business development
- Just Transition strategy
- Environmental and Social Justice Policy
- Launched Delivering on the Dream: Social and Racial Justice grant program in 2021
- Zero Harm

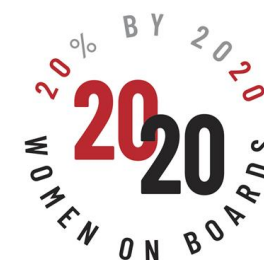


**GALLUP EXCEPTIONAL  
WORKPLACE AWARD**  
2022 WINNER



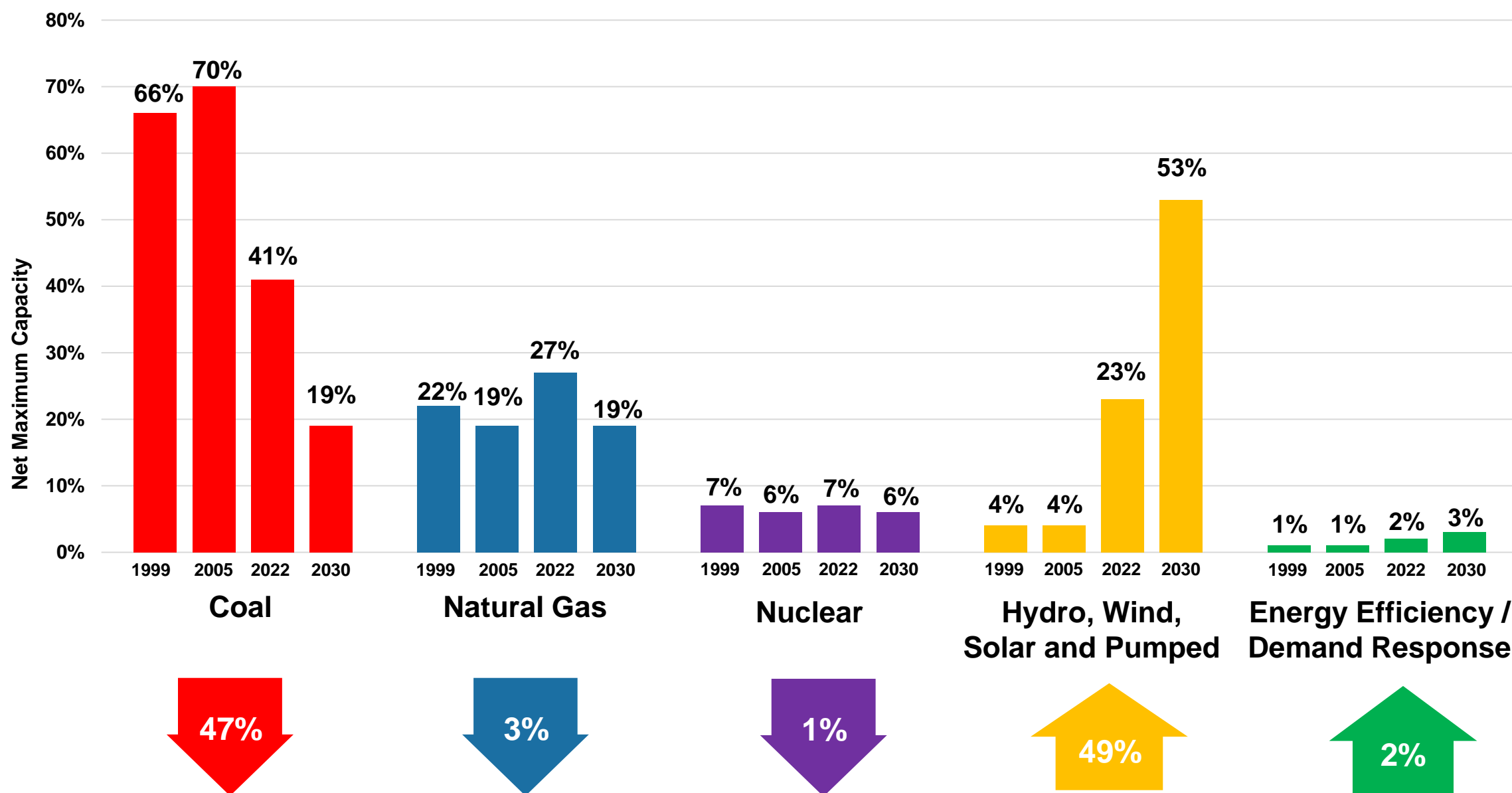
## Governance

- 12 Board of Directors, 11 independent
- 50% Board diversity
- Average Board tenure of 7 years
- 31% of executive/senior leadership female or minority
- 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



Capacity includes both owned and PPA generation. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.

2022 data as of 3/31/2022 and includes current capacity of KPCo. In October 2021, AEP entered into an agreement to sell its Kentucky operations to Algonquin Power & Utilities. The sale is expected to close in Summer 2022 pending regulatory approvals. 2030 includes forecasted additions and retirements, and excludes previously identified projected resource additions for KPCo.

2030 coal capacity includes Amos, Mountaineer and Mitchell plants as the WVPSC approved ELG investment to keep optionality for these plants to operate post 2028. 2030 coal capacity also includes SWEPCO's Turk and Flint Creek plants.

2030 Hydro, Wind, Solar and Pumped capacity includes contracted renewable assets within the unregulated business recently announced for sale. Excluding this capacity would not materially change 2030 projected capacity mix.

# Retirement Progress and Plans

Reduce coal generation by approximately **5,300 MW** from 2022-2028 and decrease coal net book value through retirements and depreciation. Creates opportunities to own replacement wind, solar and natural gas resources.

**2010**

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

**2021**

~11,850 MW<sup>1,2</sup>

**2028E**

~6,500 MW

**2011 – 2021  
Retirements/Sales**

**2022-2028 Planned  
Retirements**

Year	Plant	Capacity	Year	Plant	Capacity	Year	Plant	Capacity
2011	Sporn 5	450 MW	2016	Big Sandy 1	278 MW	2022 <sup>3</sup>	Cardinal 1	595 MW
2012	Conesville 3	165 MW	2016	Clinch River 1-2	470 MW	2023	Pirkey	580 MW
2014	Beckjord	53 MW	2016	Northeastern 4	470 MW	2026	Northeastern 3	465 MW
2015	Big Sandy 2	800 MW	2016	Welsh 2	528 MW	2028	Rockport 1	1,310 MW
2015	Clinch River 3	235 MW	2017	Gavin 1-2	2,640 MW	2028	Rockport 2	1,310 MW
2015	Glen Lyn 5-6	335 MW	2017	Zimmer	330 MW	2028	Welsh	1,053 MW
2015	Kammer 1-3	630 MW	2018	Stuart 1-4	600 MW			
2015	Kanawha River 1-2	400 MW	2019	Conesville 5-6	820 MW			
2015	Muskingum River 1-5	1,440 MW	2020	Conesville 4	651 MW			
2015	Picway 5	100 MW	2020	Oklaunion	460 MW			
2015	Sporn 1-4	600 MW	2021	Dolet Hills	257 MW			
2015	Tanners Creek 1-4	995 MW						

**5,313 MW  
Reduction  
in  
Coal  
Capacity  
from 2021**

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

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

<sup>3</sup> In April 2022, AEP executed simultaneous agreements with Buckeye Power to sell Cardinal 1 and purchase 100% of the output through 2028 via a PPA. The sale was approved by FERC in May 2022 and is expected to close in the second half of 2022.



# Commitment to Regulated Renewables



Commissioned **1 GW** NCW – Traverse site on 3/18/2022  
**1.4 GW** owned resources filed for approval at APCo and SWEPCO  
Renewable RFPs in progress at APCo, I&M and PSO



**\$8.2 Billion**<sup>1,2,3</sup>  
In 2022-2026 Capital Plan

Successful North Central Wind project sets  
foundation for regulated renewables platform

Diligently working on securing additional  
renewable opportunities for customers

**Committed to Transforming our Generating Fleet to  
~50% Renewables by 2030**

<sup>1</sup> Includes 998 MW / \$1.3B investment in NCW – Traverse project.

<sup>2</sup> Investments in renewables will be subject to market availability of viable projects and regulatory approvals.

<sup>3</sup> AEP's capital plan is based on current tax credit law. Any potential PTC/ITC extension could present upside to current plan.

# Regulated Renewable Projects and RFPs

## Owned Renewable Projects Currently Seeking Regulatory Approval



Resource	Project	MWs	Projected In-Service Date	Regulatory filing date: December 30, 2021  Expected Order: July 2022  Total investment: 409 MW / \$841M
Solar	Amherst / Virginia	5	Q4-22	
Solar	Bedington / West Virginia	50	Q4-23	
Solar	Firefly / Virginia	150	Q3-24	
Wind	Top Hat / Illinois	204	Q1-25	



Resource	Project	MWs	Projected In-Service Date	Regulatory filing date: May 27, 2022  Expected Order: 2023  Total investment: 999 MW <sup>1</sup> / \$2.2B
Wind	Diversion / Texas	201	Q4-24	
Solar	Mooringsport / Louisiana	200	Q4-25	
Wind	Wagon Wheel / Oklahoma	598	Q4-25	

## 2022 Integrated Resource Plan Filings (IRPs)

- I&M (IN) – January 2022
- I&M (MI) – February 2022
- APCo (VA) – April 2022
- APCo VCEA (VA) – Q4-22
- SWEPCO (LA) Draft – Q4-22

## Request For Proposals (RFPs) in Progress



**4.2 GW**

**Issued:** November 2021  
**Wind:** 2,800 MW  
**Solar/Storage:** 1,350 MW  
**Regulatory Filings & Approvals:**  
 Q3-22 – Q2-23  
**In-Service Dates:** YE24 – YE25



**1.1 GW<sup>2</sup>**

**Issued:** January 2022  
**Wind:** 1,000 MW  
**Solar/Storage:** 100 MW  
**Regulatory Filings & Approvals:**  
 Q4-22 – Q2-23  
**In-Service Date:** YE25



**1.3 GW<sup>3</sup>**

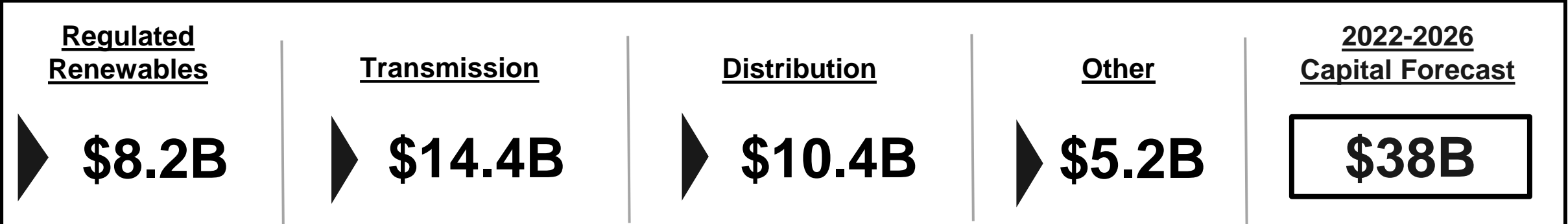
**Issued:** March 2022  
**Wind:** 800 MW  
**Solar/Storage:** 500 MW  
**Regulatory Filings & Approvals:**  
 Q4-22 – Q2-23  
**In-Service Date:** YE24 – YE25

<sup>1</sup> Additional RFP issuance expected in the near term consistent with the IRPs for energy and capacity needs.

<sup>2</sup> In February 2022, APCo issued an RFP for owned West Virginia sited solar/storage of 150 MW with a projected in-service date of YE24 – YE25.

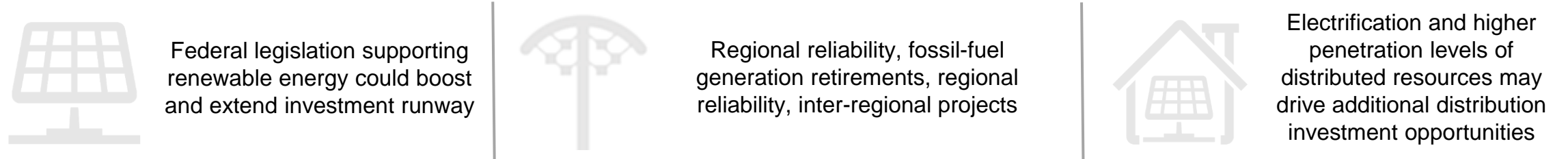
<sup>3</sup> RFP solicits bids for both owned projects and PPAs.

# Flexible Capital Investment Pipeline with Significant Organic Growth Opportunities



Flexible and extended organic pipeline of transmission and distribution investments, and regulated renewable opportunities provide the ability to strategically shift capital and deliver on our 6%-7% EPS growth commitment.

## Extending the Runway – Growth Opportunities Beyond the 5-Year Capital Plan



## Responsible Management of Capital Investments

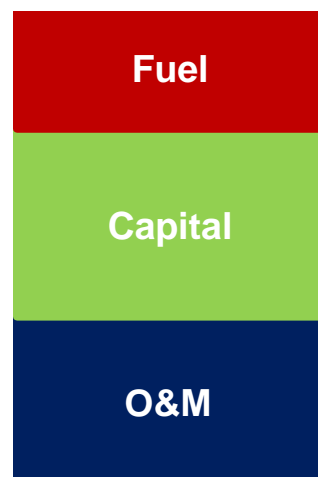
Largest transmission system in the U.S.	Among the largest distribution systems in the U.S.
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# Dedicated to Keeping Customer Rates Affordable



## *Current*



## Customer Total Bill Transformation

- ✓ Significant fuel costs replaced with capital investment
- ✓ Reduced fixed O&M profiles of generation resource
  - ✓ Tax credits passed back to customers
- ✓ Facilitating electrification reducing total customer costs
  - ✓ Economic development to spread costs

## *Future*



**AEP's efforts will transform customer bills and control while keeping rates affordable and maintaining reliable service for customers**

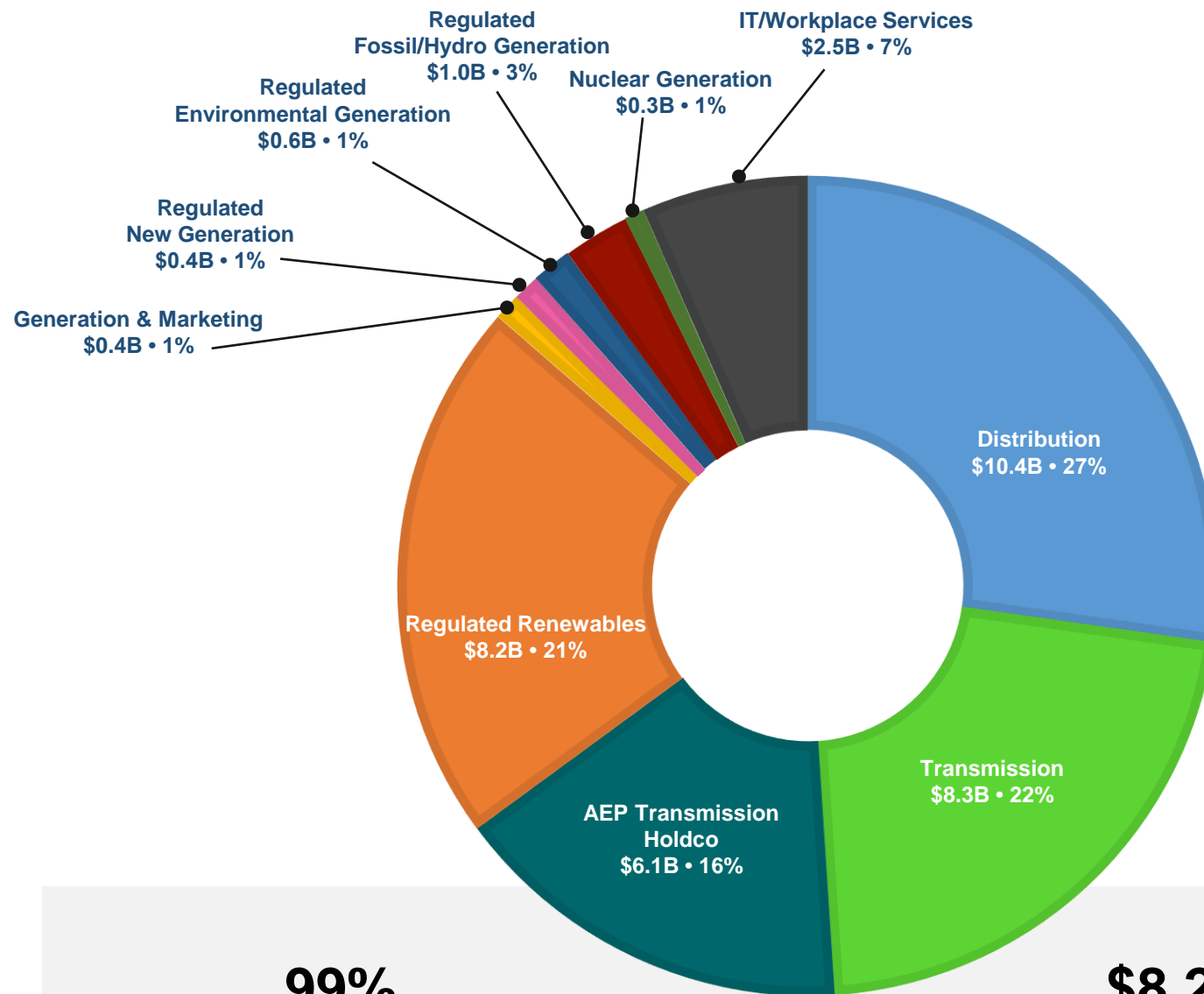
Note: On a system average, rates expected to go up approximately 4% annually over the forecasted period (a 1% decline from previous estimates).

# POSITIONING FOR THE FUTURE

- 2022-2026 Capital Forecast
- 2022-2026 Cash Flows and Financial Metrics
- Rate Base Growth
- Efficient Cost Recovery Mechanisms



# 2022-2026 Capital Forecast of \$38B



**The ability to quickly redeploy transmission and distribution investment ensures we maintain capital spend while mitigating customer bill impact**

**99%**  
of capital allocated to regulated businesses

**\$24.8B / 65%**  
allocated to wires

**\$8.2B / 21%**  
allocated to regulated renewables

**Capital forecast emphasizes investment in wires and renewables**



# 2022-2026 Capital Forecast by Subsidiary

\$ in millions, excludes AFUDC	2022E	2023E	2024E	2025E	2026E	Total
Appalachian Power Company	\$ 1,093	\$ 1,767	\$ 943	\$ 1,899	\$ 993	\$ 6,695
Wheeling Power Company	\$ 63	\$ 63	\$ 29	\$ 30	\$ 34	\$ 219
Kingsport Power Company	\$ 25	\$ 37	\$ 35	\$ 36	\$ 35	\$ 168
Indiana Michigan Power Company	\$ 608	\$ 537	\$ 694	\$ 989	\$ 1,006	\$ 3,834
AEP Ohio	\$ 787	\$ 849	\$ 800	\$ 738	\$ 673	\$ 3,847
Public Service Company of Oklahoma	\$ 992	\$ 533	\$ 1,425	\$ 1,069	\$ 977	\$ 4,996
Southwestern Electric Power Company	\$ 1,212	\$ 625	\$ 1,793	\$ 496	\$ 1,221	\$ 5,347
AEP Texas Company	\$ 1,154	\$ 1,189	\$ 1,365	\$ 1,388	\$ 1,264	\$ 6,360
AEP Generating Company	\$ 74	\$ 23	\$ 7	\$ 18	\$ 12	\$ 134
AEP Transmission Holdco	\$ 1,402	\$ 1,318	\$ 1,209	\$ 1,120	\$ 1,086	\$ 6,135
Generation & Marketing	\$ 122	\$ 87	\$ 69	\$ 39	\$ 38	\$355
Other	\$ 38	\$ 36	\$ 33	\$ 19	\$ 19	\$ 145
Total Capital and Equity Contributions	\$ 7,570	\$ 7,064	\$ 8,402	\$ 7,841	\$ 7,358	\$ 38,235

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

# 2022-2026 Cash Flows and Financial Metrics

Cash proceeds related to sale of contracted renewable assets within the unregulated business are not included below.

\$ in millions	2022E	2023E	2024E	2025E	2026E
Cash from Operations	\$ 5,600	\$ 6,100	\$ 6,400	\$ 6,900	\$ 7,400
Net Cash Proceeds from Sale of Kentucky Operations <sup>1</sup>	1,400	-	-	-	-
Capital and JV Equity Contributions <sup>2</sup>	(7,600)	(7,100)	(8,400)	(7,800)	(7,400)
Other Investing Activities	(300)	(400)	(400)	(400)	(400)
Common Dividends <sup>3</sup>	(1,600)	(1,600)	(1,700)	(1,700)	(1,700)
<b>Required Capital</b>	<b>\$ (2,500)</b>	<b>\$ (3,000)</b>	<b>\$ (4,100)</b>	<b>\$ (3,000)</b>	<b>\$ (2,100)</b>
<b>Financing</b>					
Required Capital	\$ (2,500)	\$ (3,000)	\$ (4,100)	\$ (3,000)	\$ (2,100)
Debt Maturities (Senior Notes, PCRBs)	(3,000)	(2,400)	(500)	(1,800)	(1,400)
Securitization Amortizations	(100)	(200)	(200)	(100)	(100)
Equity Units Conversion	805	850	-	-	-
Equity Issuances – Includes DRP	-	100	600	700	700
<b>Debt Capital Market Needs (New)</b>	<b>\$ (4,795)</b>	<b>\$ (4,650)</b>	<b>\$ (4,200)</b>	<b>\$ (4,200)</b>	<b>\$ (2,900)</b>
<b>Financial Metrics</b>					
Debt to Capitalization (GAAP)	Approximately 60%				
FFO/Total Debt (Moody's)	14.0%-15.0% Range				

<sup>1</sup> Cash proceeds to Parent of \$1.4B are net of Kentucky indebtedness, tax and transaction costs and adjusted for residual pay-down of Parent debt.

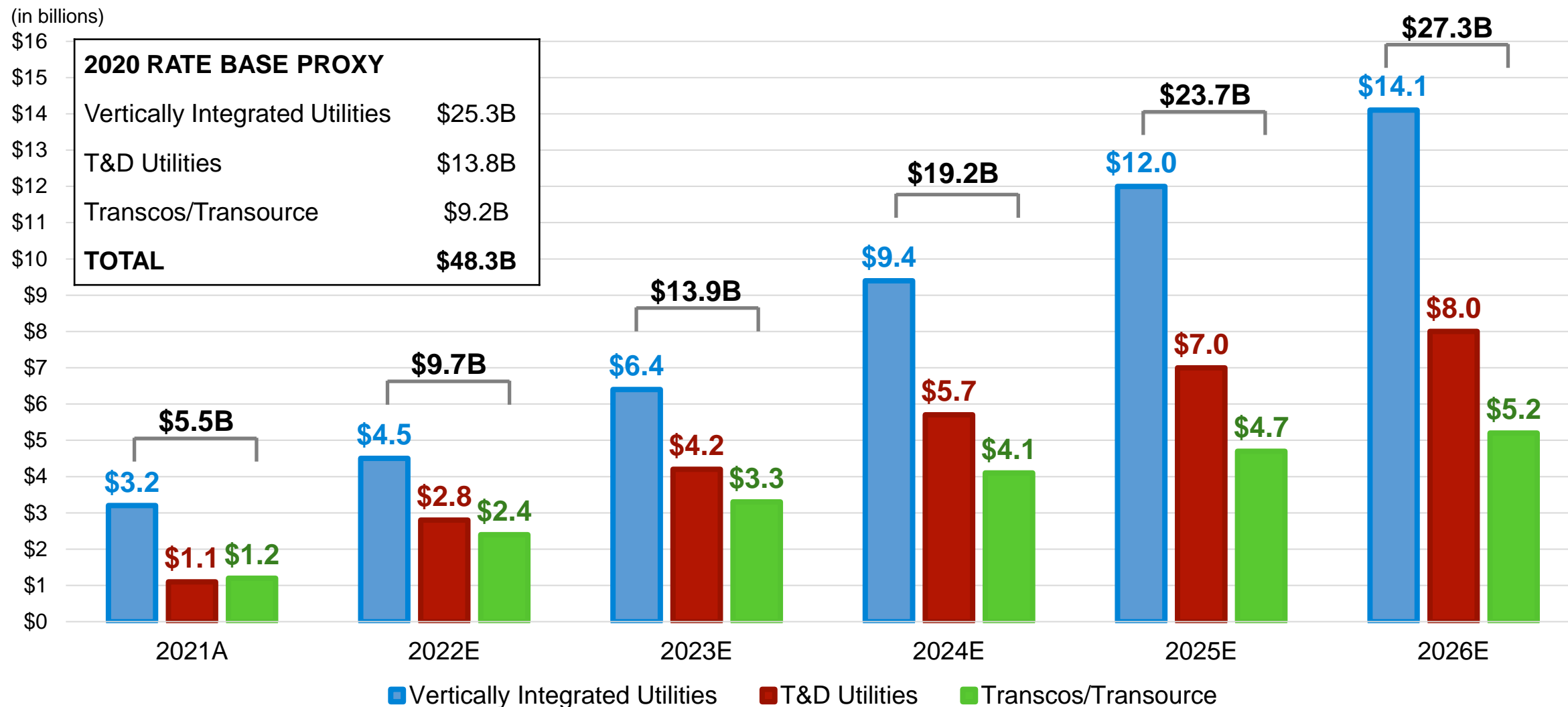
<sup>2</sup> Capital investments in 2022 include approximately \$1.3B for NCW – Traverse project.

<sup>3</sup> Common dividends increased to \$0.78 per share Q4-21; \$3.12/share 2022-2026 (dividends per share remain constant until approved by Board of Directors). 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.

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

# 7.8% CAGR in Rate Base Growth

## Cumulative Change from 2020 Base

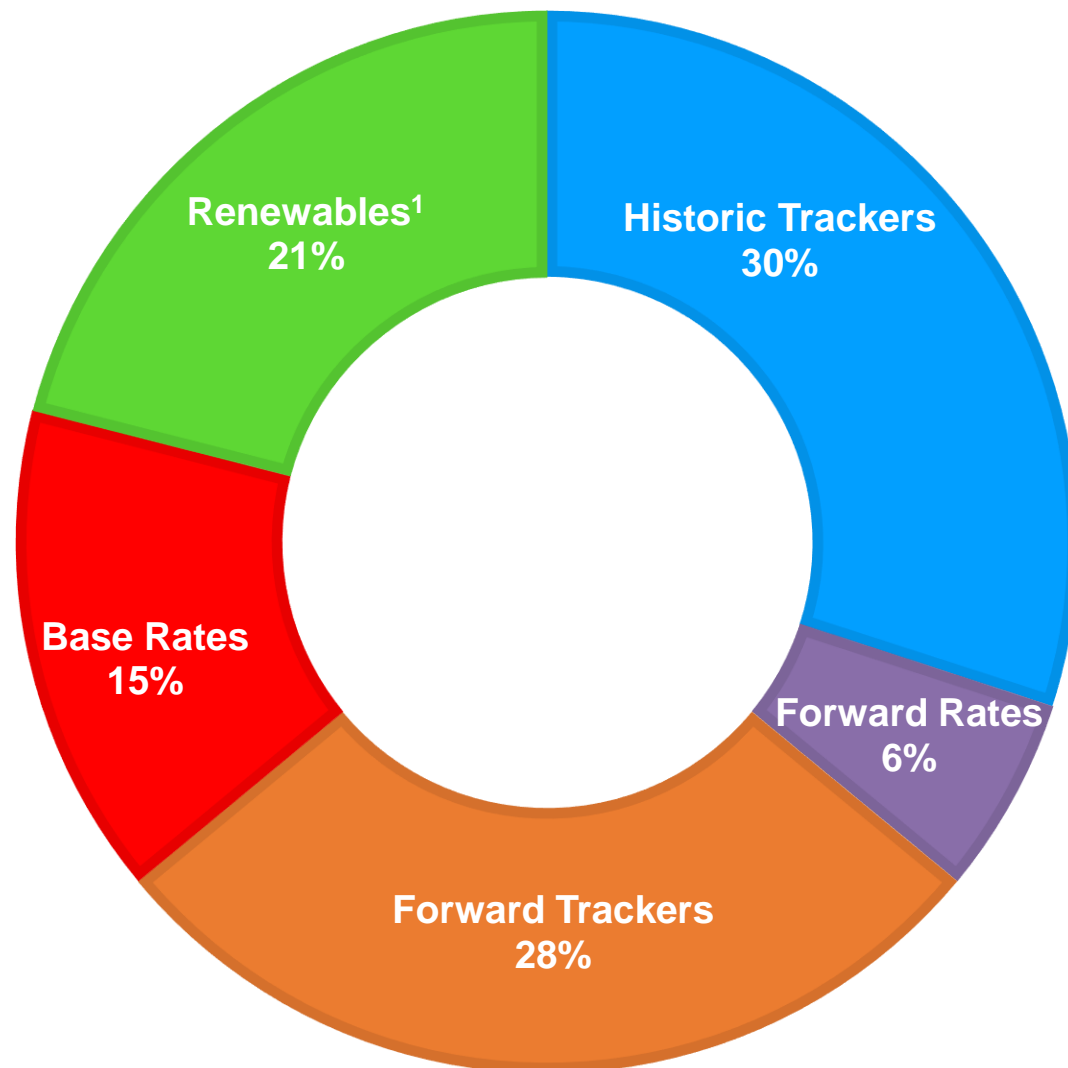


6%-7% EPS growth is predicated on regulated rate base growth

Note: For comparative purposes, rate base excludes Kentucky operations



# Efficient Cost Recovery Mechanisms



**Approximately 85% of  
2022-2026 regulated  
capital plan recovered  
through reduced lag  
mechanisms**

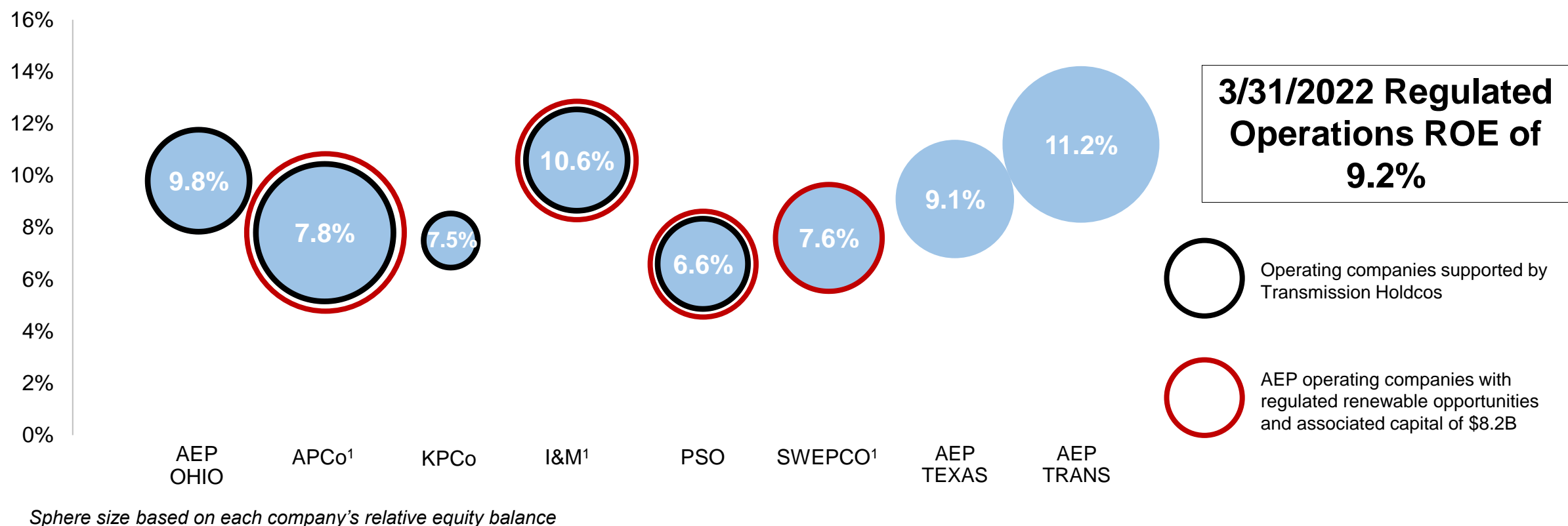
<sup>1</sup> Recovery of renewable investments will occur using a combination of reduced lag mechanisms including trackers, forward test years, near-term retention of PTCs and timed rate cases

# FINANCIAL INFORMATION

- Regulated Returns and Authorized Equity Layers
- First Quarter 2022 Operating Earnings Guidance
- Regulatory Timeline of Kentucky Sale
- Current Rate Case Activity
- Untracked O&M
- Normalized Load Trends
- Capitalization and Liquidity
- 2022 Debt Issuances and Maturities
- Credit Ratings

# Regulated Returns and Authorized Equity Layers

**Twelve Months Ended 3/31/2022 Earned ROE's**  
(non-GAAP operating earnings, not weather normalized)



## Authorized Equity Layers (in whole percentages)

Operating Company	3/31/2018	3/31/2022	Improvement
AEP Ohio	48%	54%	6%
APCo – VA	43%	50%	7%
APCo – WV	47%	50%	3%
PSO	49%	53%	4%
SWEPCO – LA <sup>2</sup>	47%	51%	4%
AEP Texas	40%	43%	3%
AEP Transmission – West	50%	55%	5%

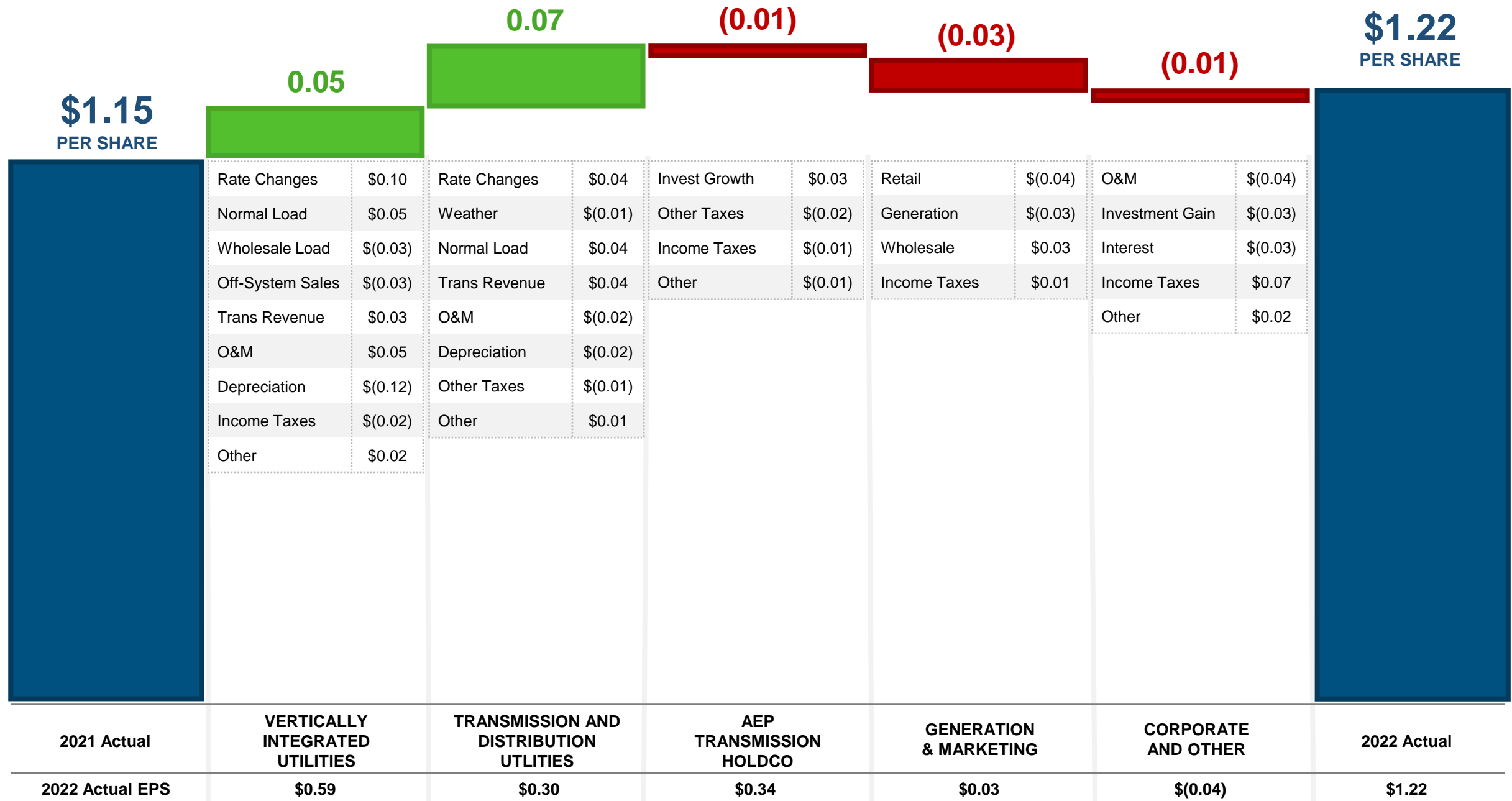
**Improving  
Authorized Equity Layers  
Over Time**

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

<sup>2</sup> 3/31/2022 data represents equity layers in recent base rate cases

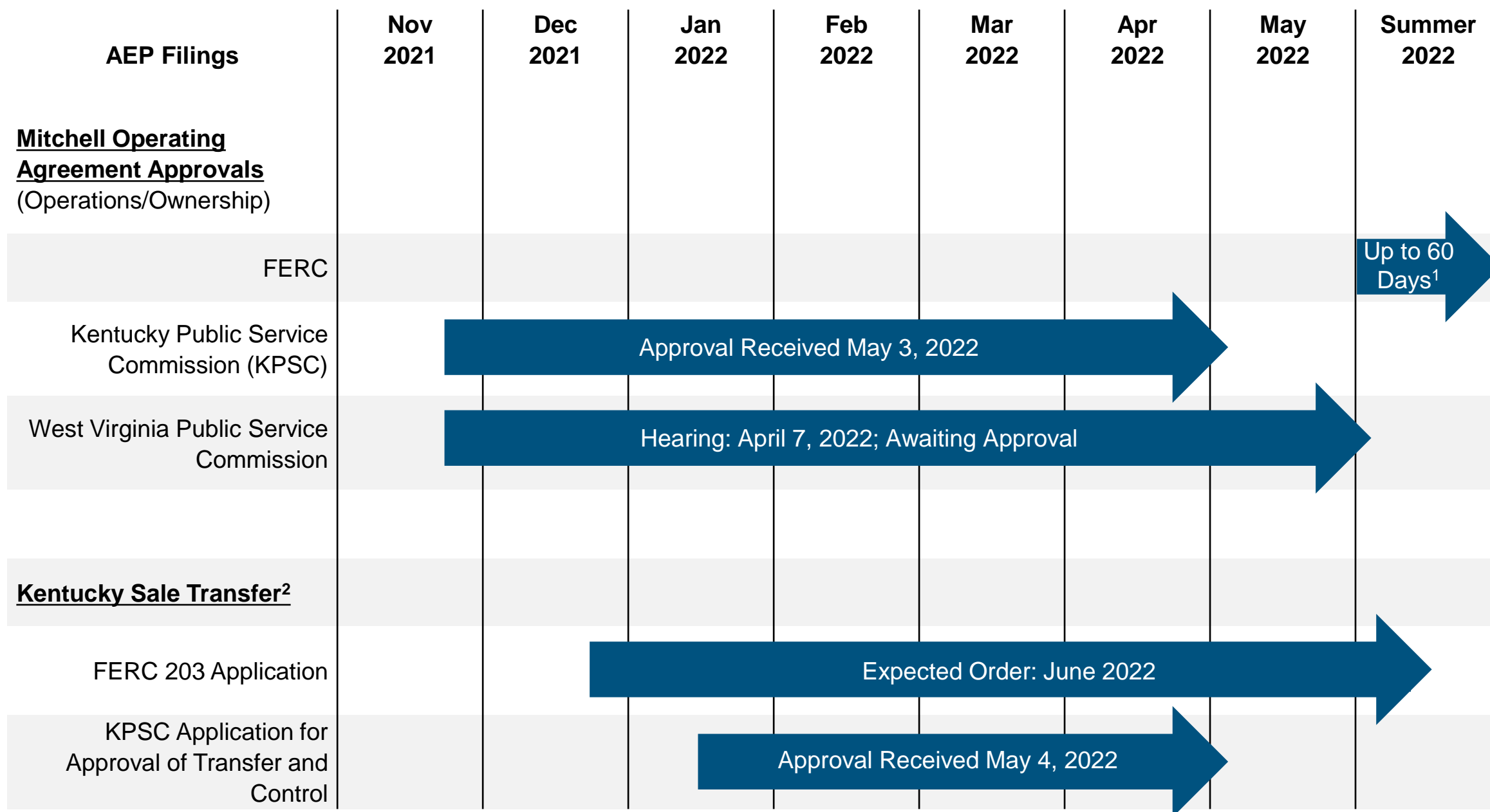


# 1<sup>st</sup> Quarter Operating Earnings Segment Detail



# Regulatory Timeline of Kentucky Sale

In October 2021, AEP entered into an agreement to sell its Kentucky operations to Liberty (Algonquin Power & Utilities) for an enterprise value of \$2.846B. The sale is expected to close in Summer 2022 pending approvals of the Mitchell Operating Agreement and Kentucky Sale Transfer.



<sup>1</sup> In February 2022, AEP withdrew its initial FERC filing pursuant to a filing made by the KPSC. AEP expects to re-file its FERC application and seek expedited review grounded on approvals by the state commissions.

<sup>2</sup> Committee on Foreign Investment in the United States (90-120 days) and Hart-Scott-Rodino review (30-60 days); clearance from both was obtained in January 2022.

# Current Rate Case Activity

## 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
<u>Commission Order Summary</u> <sup>1</sup>	
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>1</sup> APCo immediately filed an appeal of the commission order with the Virginia Supreme Court after the November 2020 order. Oral arguments were held on 3/1/2022 and a result is expected during the year.



## SWEPCO – Arkansas<sup>2</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
<u>Commission Order Summary</u>	
Order Received	5/23/2022
Estimated Effective Date	7/1/2022
ROE	9.5%
Cap Structure	55%D / 45%E
Gross Revenue Increase	\$49M (Less \$21M D&A)
Net Revenue Increase	\$28M

<sup>2</sup> This filing provides notice of re-election for rate regulation under a formula rate review mechanism.



## 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>	
Hearing	Note 4
Expected Commission Order	Q2/Q3-22

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

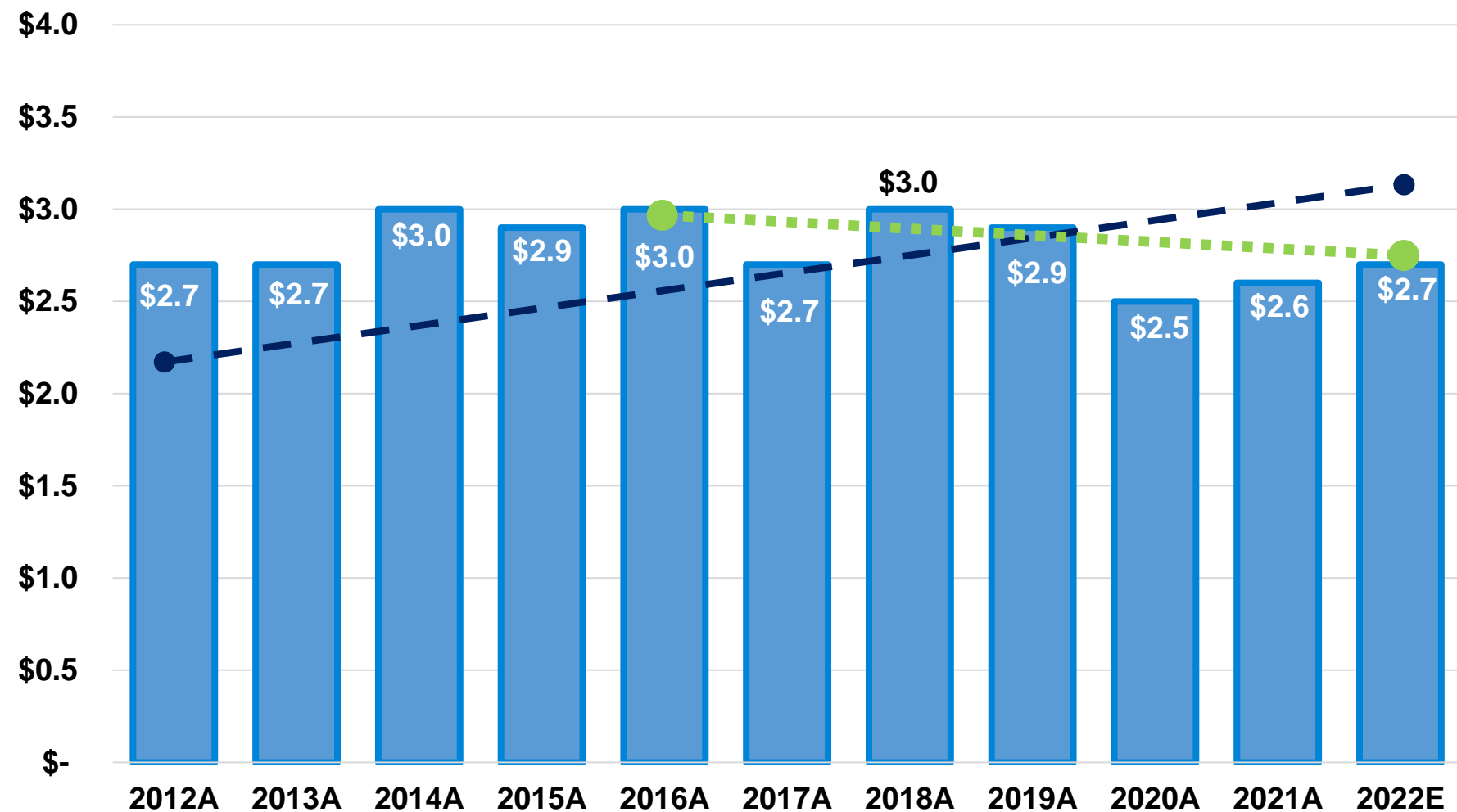
<sup>4</sup> In January 2022, an unopposed motion was filed to stay the hearing as the parties engage in settlement discussions.





# Untracked O&M

(in billions)



**O&M focuses on bending the O&M curve down**

**O&M actual spend represents adjusted spend throughout each year as needed**

■ Untracked O&M Actuals/2022 Estimate

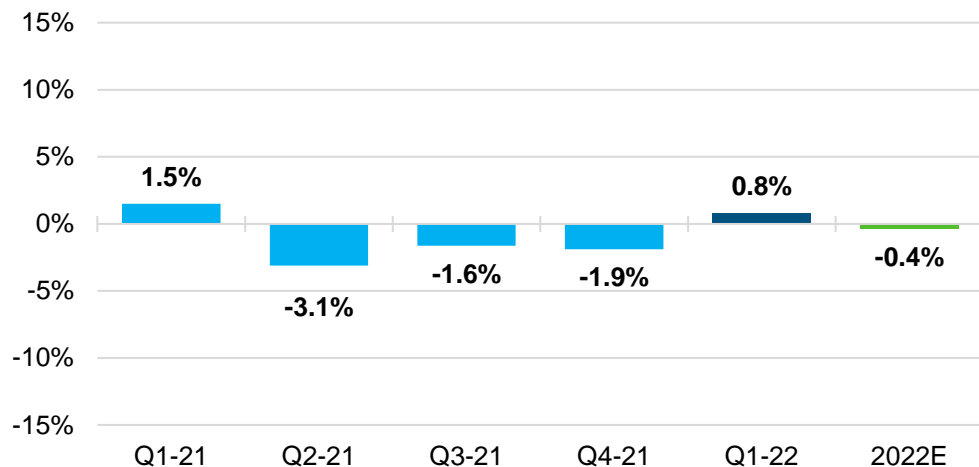
●-● Bending the Curve Trajectory

●-● Inflation @ 2%

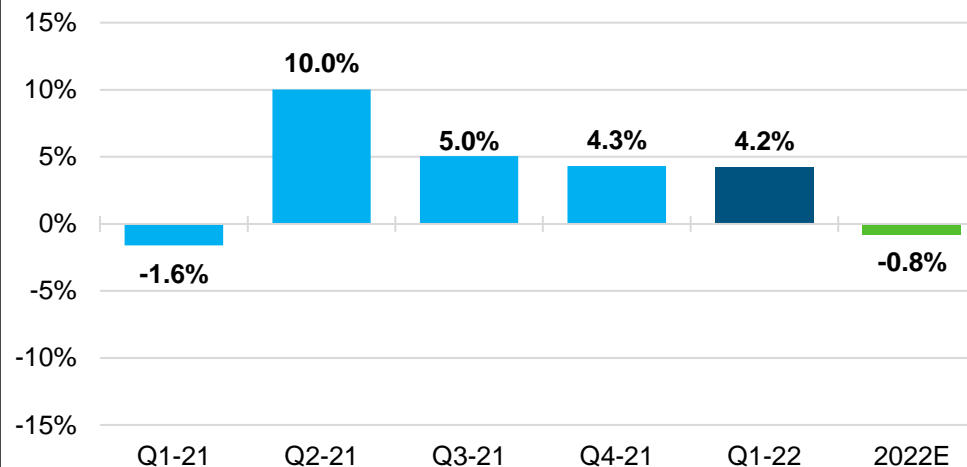
Note: For comparative purposes, historical and projected O&M excludes Kentucky-related O&M expenses

# Weather Normalized Billed Retail Load Trends

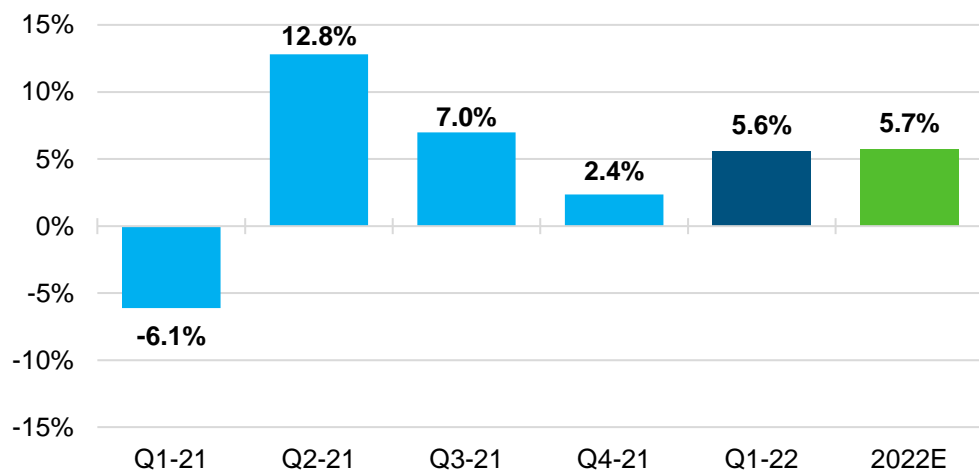
**AEP Normalized Residential GWh Sales**  
% Change vs. Prior Year



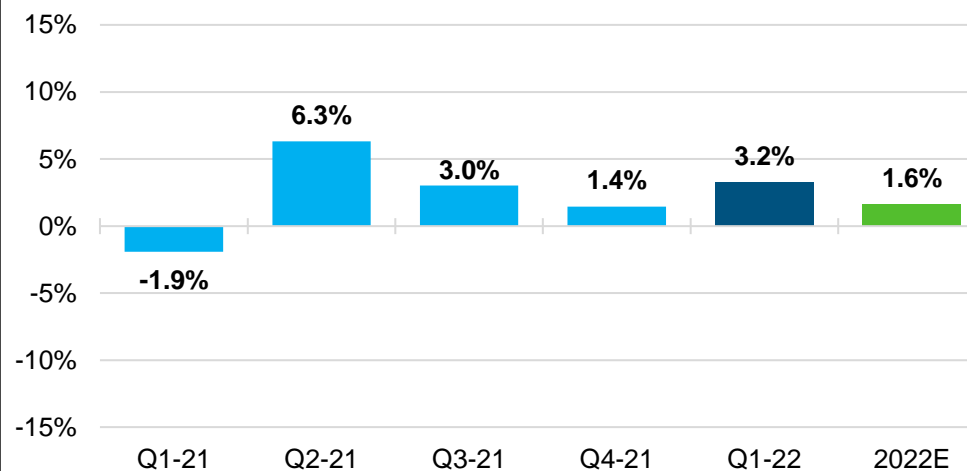
**AEP Normalized Commercial GWh Sales**  
% Change vs. Prior Year



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



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

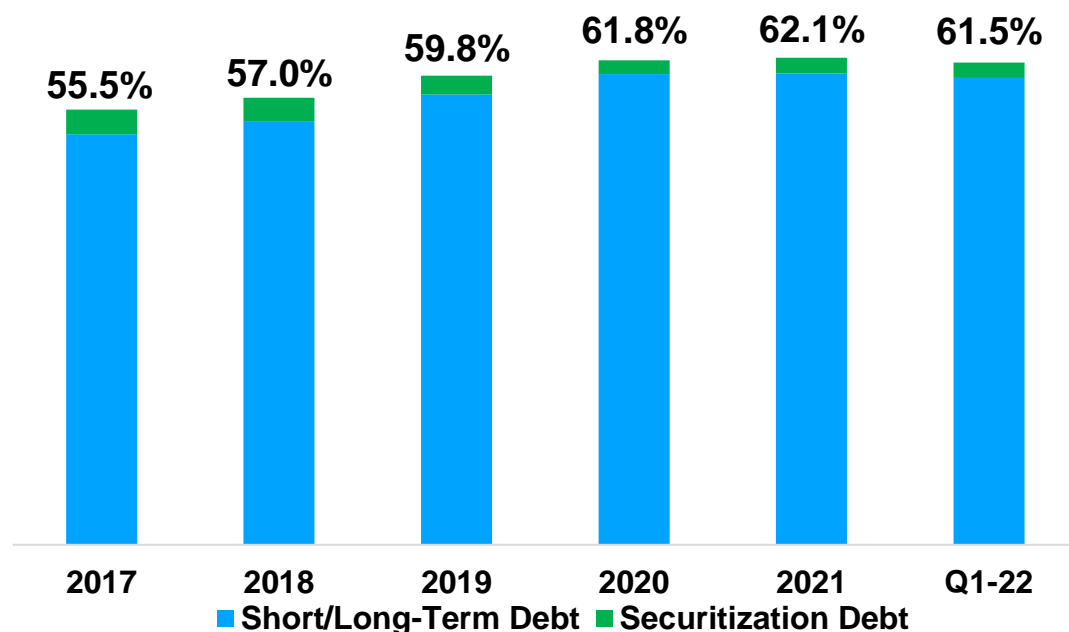


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

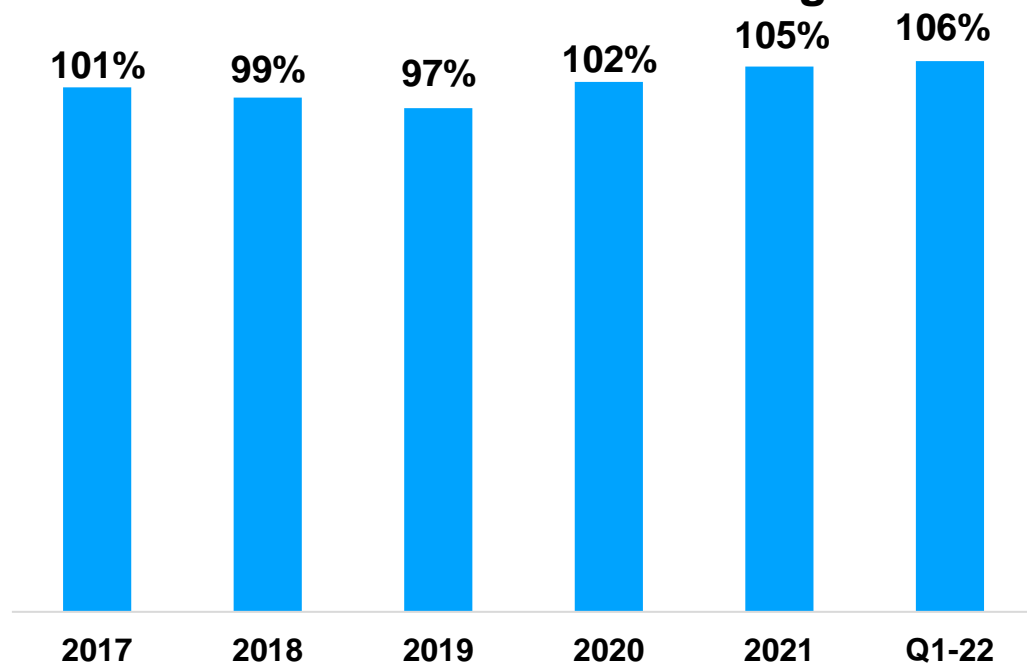
2022 estimates based on forecast provided at 2021 EEI Financial Conference and adjusted to reflect 2021 actual results. 2022 estimates do not include Kentucky operations.

# Capitalization and Liquidity

## Total Debt/Total Capitalization



## Qualified Pension Funding



## Credit Statistics

	Moody's	GAAP
FFO to Total Debt	13.7%	13.7%
Targeted Range	14.0%-15.0%	

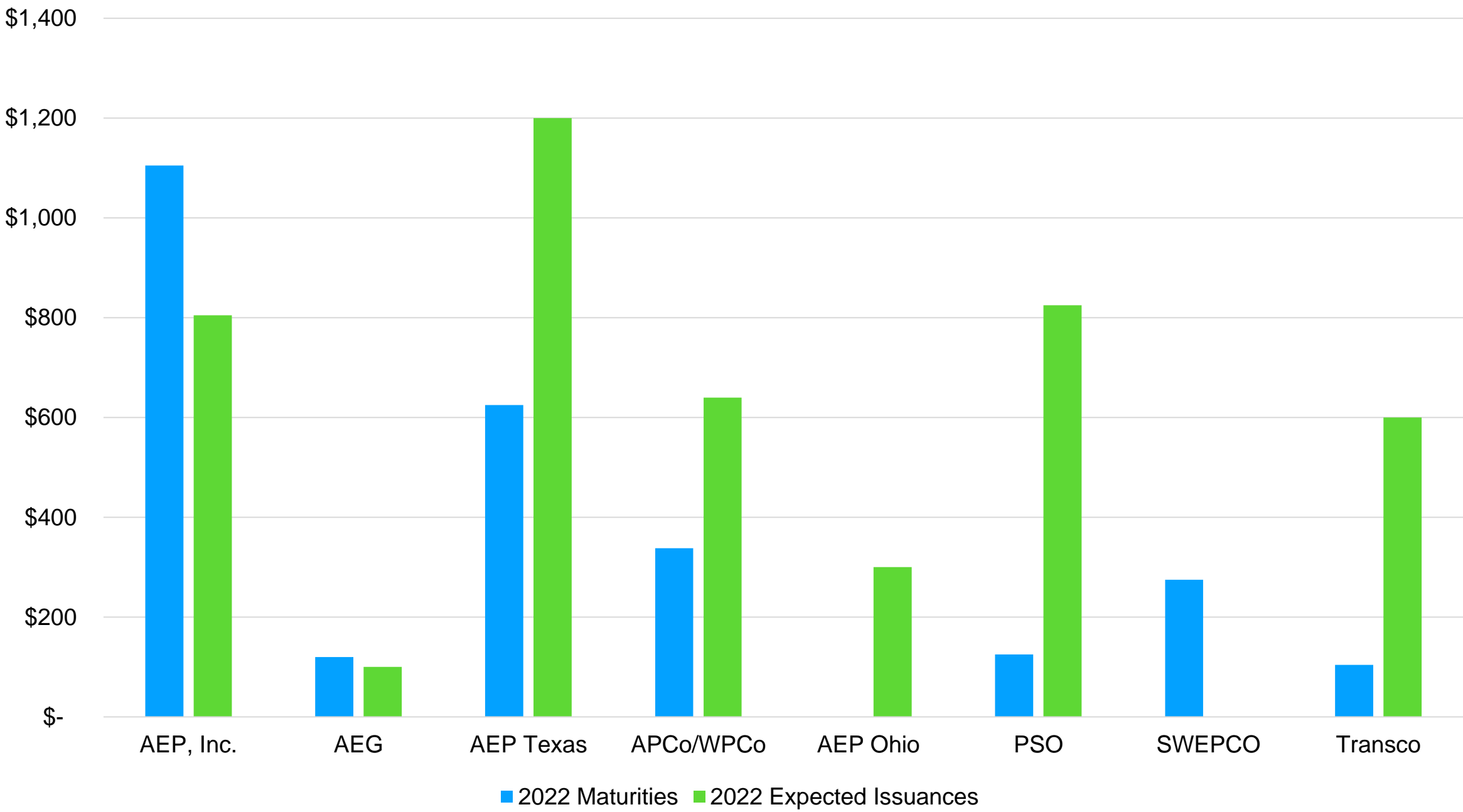
*Represents the trailing 12 months as of 3/31/2022*

## Liquidity Summary

(\$ in millions)	3/31/2022 Actual	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2027
Revolving Credit Facility	1,000	March 2024
Term Loan	500	August 2022
Term Loan	250	September 2022
<b>Plus</b>		
Cash and Cash Equivalents	675	
<b>Less</b>		
Commercial Paper Outstanding	(1,880)	
Term Loan	(500)	
Term Loan	(250)	
<b>Net Available Liquidity</b>	<b>\$ 3,795</b>	

# 2022 Debt Issuance and Maturities Overview

(in millions)



Note: Pending close of sale of Kentucky operations in Summer 2022, AEP proceeds will be net of Kentucky's outstanding indebtedness. Additionally, any residual proceeds may be used to reduce a small portion of other outstanding debt.



# Credit Ratings

## Current Ratings for AEP, Inc. and Subsidiaries (as of 5/10/2022)

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

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE

- **Emission Reduction Goals**
- **Investing to Reduce Emissions**
- **Committed to Being a Top ESG Employer**



# Carbon Emission Reduction Goals

# 80%

by 2030

# Net Zero

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
- ☐ Electrification

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

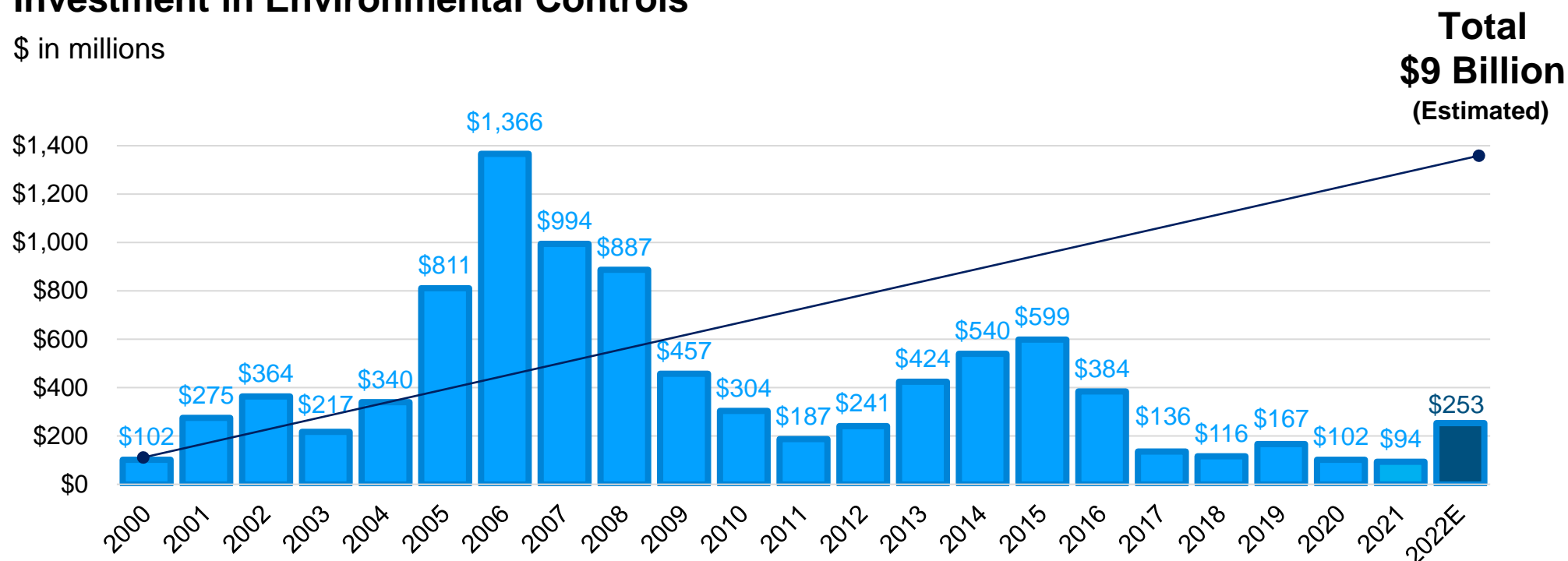
- Corporate Accountability Report
- Climate Impact Analysis Report (a TCFD report)
- ESG Data Center (featuring 250+ ESG metrics)
- EEI ESG Sustainability Report
- Sustainability Accounting Standards Board (SASB)
- CDP Survey Responses
- GRI Report
- AEP also responds to investor-related surveys, including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



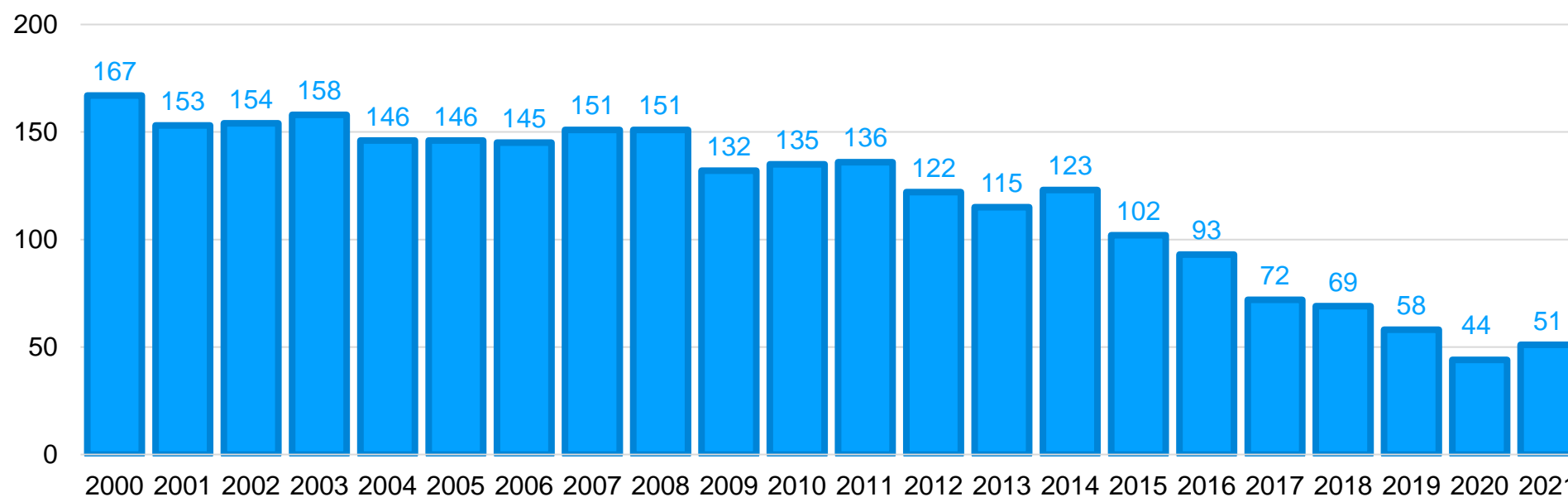
# Investing to Reduce Emissions

## Investment in Environmental Controls

\$ in millions



## Total AEP System – Annual CO<sub>2</sub> Emissions in million metric tons



**2000-2021 Actual**

**CO<sub>2</sub>**

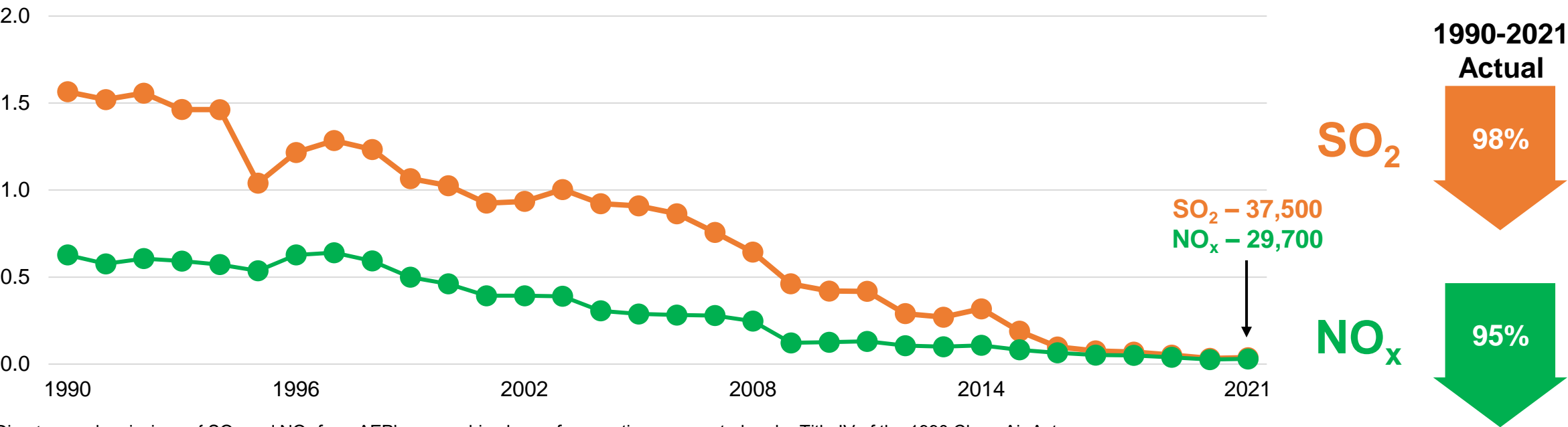
**70%**

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



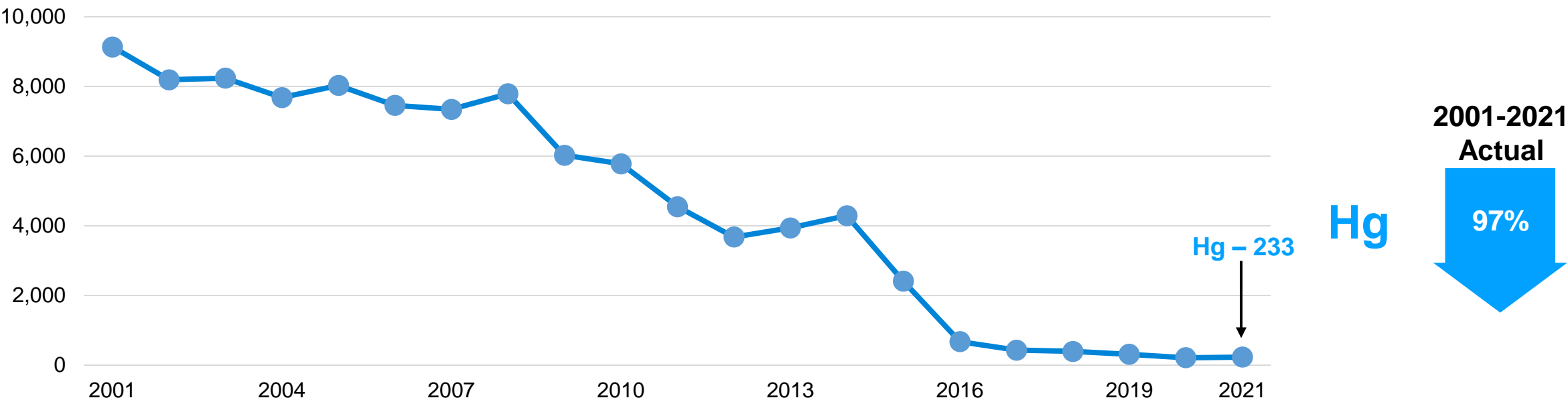
# Investing to Reduce Emissions

Total AEP System – NO<sub>x</sub> and SO<sub>2</sub> Emissions in million U.S. tons



Direct annual emissions of SO<sub>2</sub> and NO<sub>x</sub> from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

Total AEP System – Mercury Air Emissions in pounds



AEP equity share of mercury air emissions from Toxic Release Inventory reporting. 2021 was estimated with MATS program emission monitors.

# Committed to Being a Top ESG Employer



Recognizes companies that set the standard  
in commitment to their stakeholders



Benchmarking tool for businesses to report  
disability policies and practices



Recognizes companies that are  
trailblazers in their commitment to  
gender reporting and advancing  
women's equality



**GALLUP EXCEPTIONAL  
WORKPLACE AWARD**

2022 WINNER

Recognizes organizations  
with engaged workplace  
cultures



Annual measure of how  
equitably large businesses  
treat LGBTQ employees,  
consumers and investors

## Other Awards/Recognition

- Newsweek's Most Responsible Companies
- Fortune's World's Most Admired Companies
- JUST Capital's Top 100 U.S. Companies Supporting Healthy Communities and Families
  - Forbes America's Best Employers
  - Forbes America's Best Employers for Women
- Site Selection Magazine's Top Utilities for Economic Development

# GENERATION TRANSFORMATION

- **Delivering Clean Energy Resources**
- **Current Regulated Renewables Opportunity**
- **North Central Wind Overview**





# Delivering Clean Energy Resources

## AEP's March 31, 2022 Renewable Portfolio (in MW)

Hydro, Wind, Solar and Pumped Storage	Owned MW	PPA MW	Total MW
AEP Ohio	-	209	209
Appalachian Power Company	785	595	1,380
Indiana Michigan Power Company	56	450	506
Public Service Company of Oklahoma	675	1,137	1,812
Southwestern Electric Power Company	809	469	1,278
Competitive Wind and Solar	1,761	177	1,938
<b>Total</b>	<b>4,086</b>	<b>3,037</b>	<b>7,123</b>





# ~20,600 MW

Renewable Generation Interconnected Across the U.S. via AEP's Transmission System Today



# Current Regulated Renewables Opportunity

 Wind Additions				 Solar Additions			
Company	2022-2030 (MW)	Included in 2022-2026 Capital Plan (MW / billions)		Company	2022-2030 (MW)	Included in 2022-2026 Capital Plan (MW / billions)	
APCo	1,504	803	\$ 1.3	APCo	629	292	\$ 0.5
I&M	800	400	\$ 0.6	I&M	1,300	195	\$ 0.4
PSO <sup>1</sup>	3,254	1,604	\$ 2.1	PSO	2,100	461	\$ 0.6
SWEPCO <sup>1</sup>	2,994	1,845	\$ 2.5	SWEPCO	2,600	200	\$ 0.2
<b>Total<sup>1</sup></b>	<b>8,552</b>	<b>4,652</b>	<b>\$ 6.5</b>	<b>Total</b>	<b>6,629</b>	<b>1,148</b>	<b>\$ 1.7</b>

## Total Renewables<sup>1</sup>

2022-2030	Included in 2022-2026 Capital Plan <sup>2</sup>	
15,181 MW	5,800 MW	\$ 8.2B

**Investment opportunity is dynamic and AEP operating companies will continue to develop IRPs over the near and long-term in collaboration with stakeholders**

Note: Projected regulated resource additions current as of 3/31/2022. Resource plans also currently project ~1 GW of natural gas additions (I&M) and 210 MW of storage (APCo and I&M) through 2030.

<sup>1</sup> Includes 998 MW / \$1.3B investment in NCW – Traverse project placed in service on 3/18/2022.

<sup>2</sup> Investments in renewables will be subject to market availability of viable resources and regulatory approvals.

# North Central Wind Overview



North Central Wind – Maverick

## 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	77	5.2%
Total:	1,484	100%

## PSO and SWEPCO Regulated Wind Investment

Total Rate Base Investment	~\$2 billion (1,484 MW)			
North Central Wind	<u>Name</u>	<u>MW</u>	<u>Estimated Investment</u>	<u>Commercial Date</u>
	Sundance	199	\$300M	Apr. 14, 2021 (100% PTC)
	Maverick	287	\$400M	Sept. 10, 2021 (80% PTC)
	Traverse	998	\$1,300M	Mar. 18, 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				



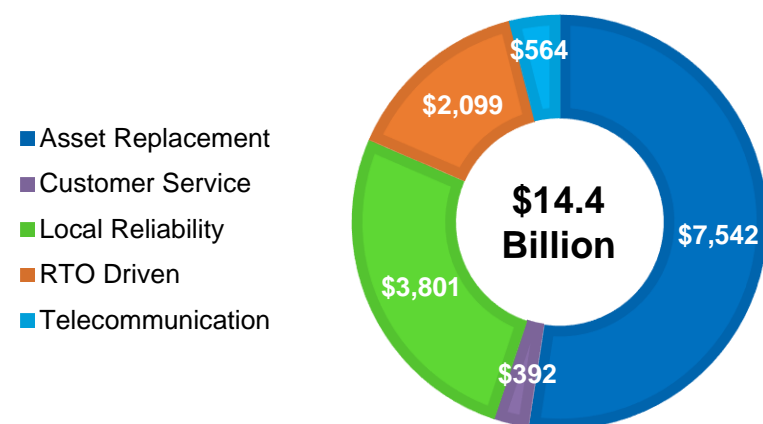
# TRANSMISSION TRANSFORMATION

- **Transmission in Focus**
- **Investments in Asset Renewals**
- **Stable Cost Recovery Framework**
- **Delivering Customer and Shareholder Value**
- **Well Positioned to Capture New Investment**
- **Holdco Legal Entity Structure**



# Transmission in Focus

## 2022-2026 Transmission Investment



From 2022 through 2026, ~50% of AEP's transmission capital investment will be deployed to modernize the transmission grid and enhance reliability and resilience

**AEP's transmission investment is well positioned to grow with renewable expansion while improving reliability and meeting customer needs**

Costs Supported by AEP Customers

Costs Supported More Broadly

Drivers

### Asset Replacement

- Asset renewal investments based on condition, performance and risk to reduce customer outages and interruption times

### Local Reliability

- Standards-driven projects to address thermal and voltage violations, and improve operational flexibility

### Customer Service

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

### Telecom / Technology

- Asset health monitoring, cyber-security requirements and enhanced situational awareness for grid operations

### RTO-Driven

- Upgrades needed to address RTO standards related to thermal voltage overloads and contingency conditions
- Opportunities driven by enabling access to renewable generation

### Interconnection-Driven

- Projects to directly connect renewables and other generation to the grid

## Additional Upside Opportunities

- Regional reliability
- Fossil-fuel generation retirements
- Integration of renewable resources
- Inter-regional projects

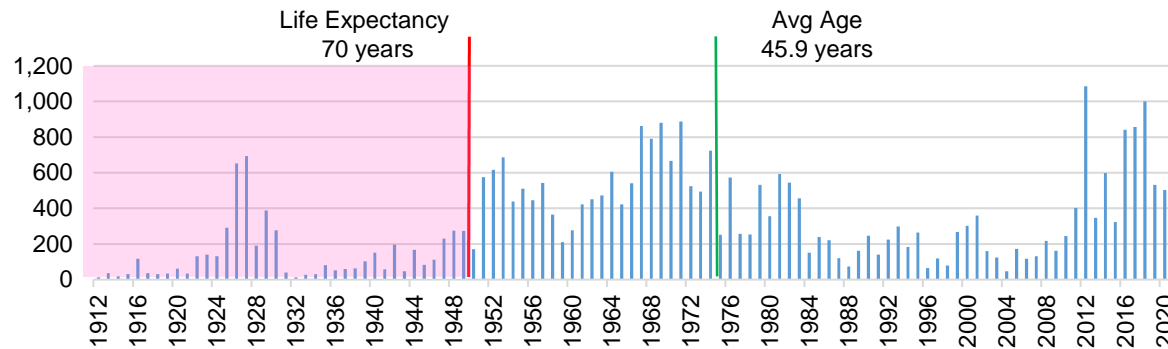
**AEP has a long and diverse runway of organic transmission investment opportunities**



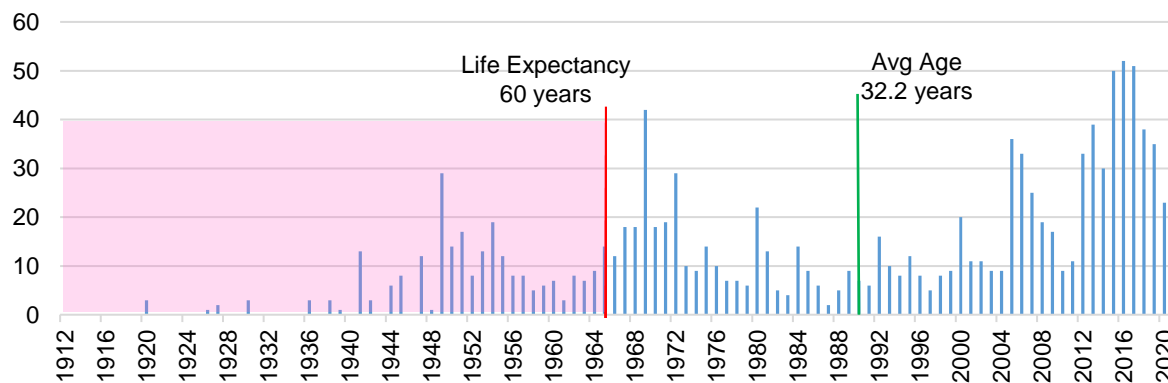
# Investments in Asset Renewal Strengthen and Enable the Grid of the Future

## AEP T-Line Age Profile

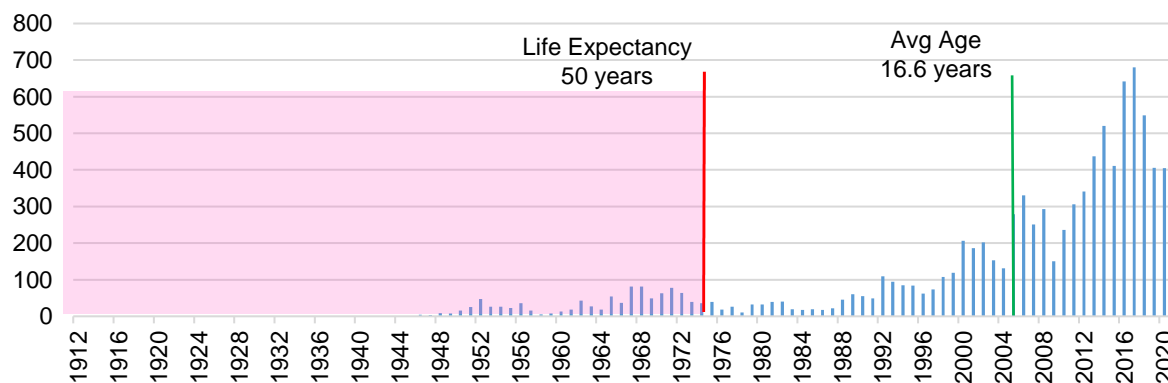
(Line Mile Age based on oldest conductor age)



## AEP Transmission Transformer Age Profile



## AEP Circuit Breaker Age Profile



Beyond Life Expectancy Range

- **\$2.7 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

6,107

208

808

4,513

165

329

10,620

373

1,137

30%

30%

12%

### Average Age (years)

2016 Year-End

2021 Year-End

Line Miles

Transformers

Circuit Breakers

52.5

36.1

22.9

45.9

32.2

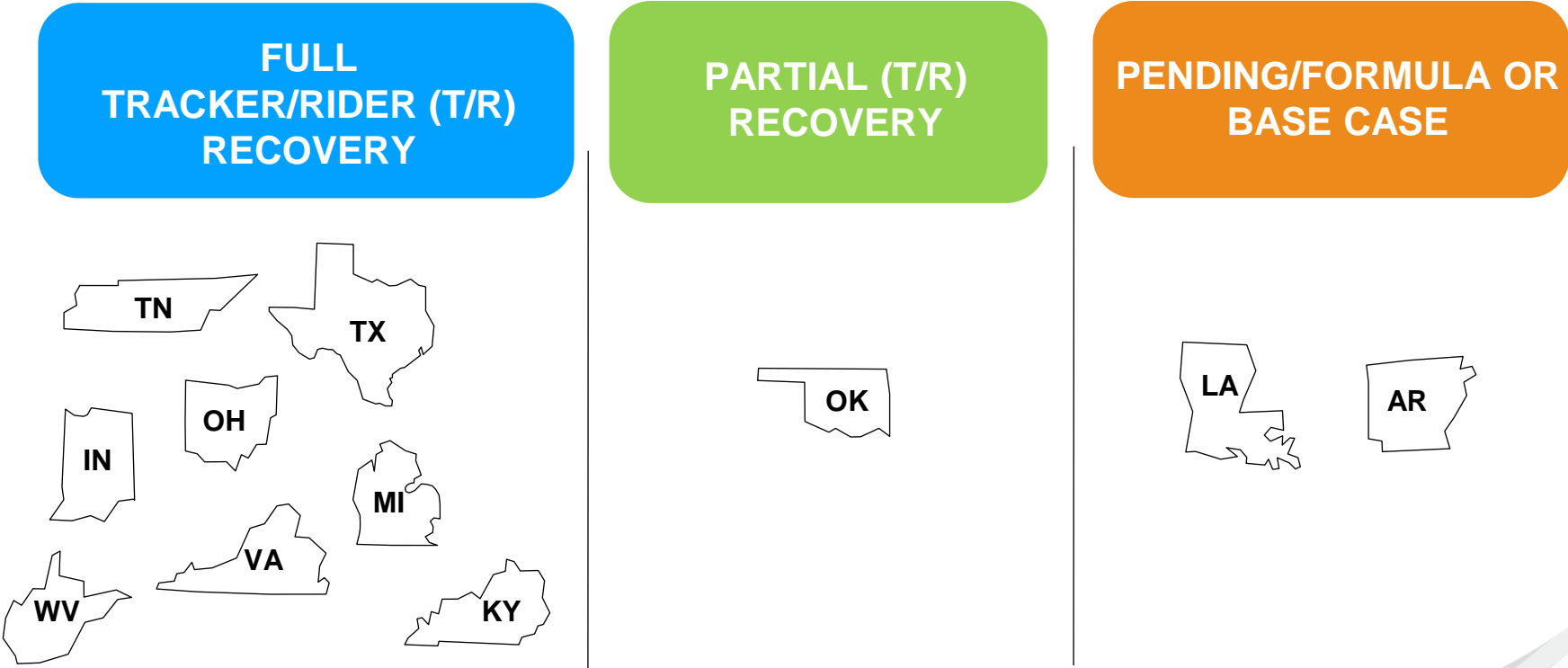
16.6

# 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

~88% of transmission capital investment is recovered through state tracker/rider mechanisms

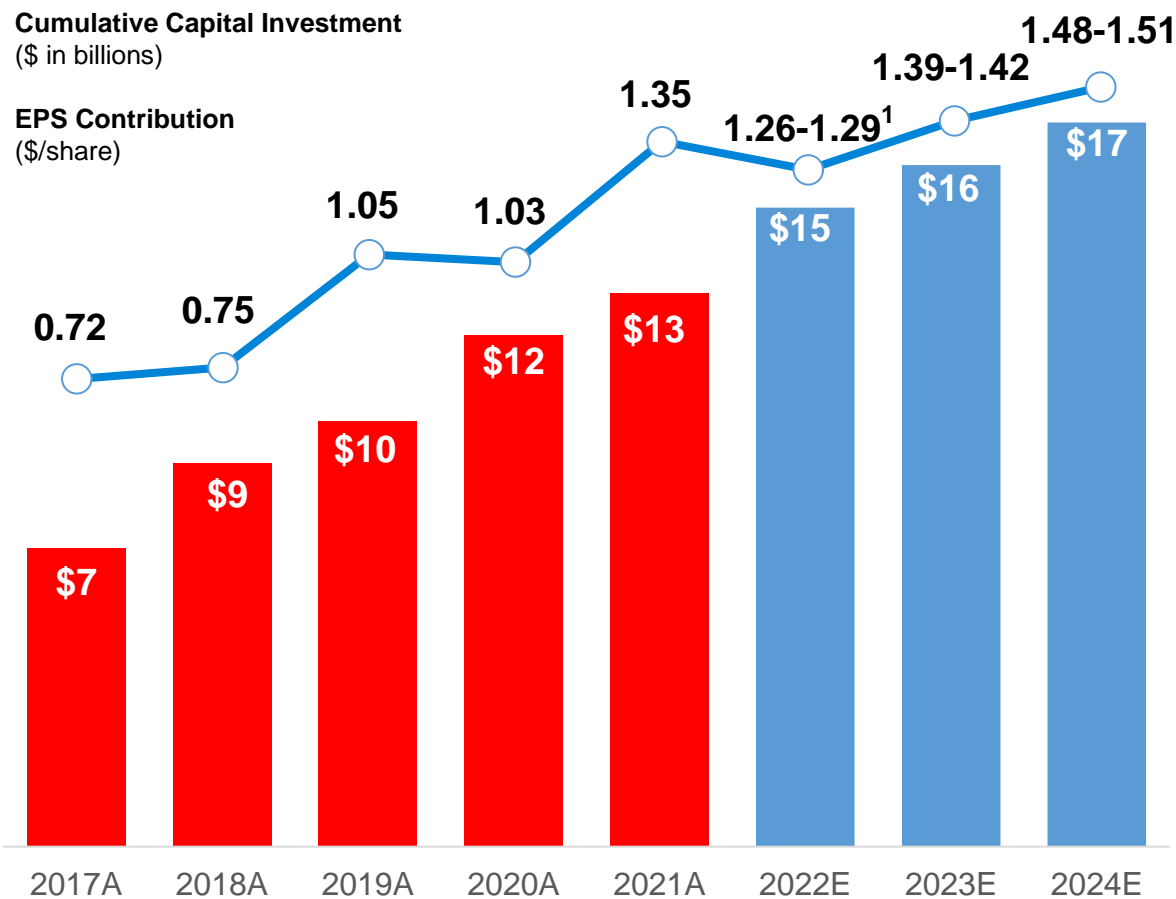


Note: Arkansas retail formula not currently being utilized

# Delivering Significant Customer and Shareholder Value

## Shareholder Benefits

### AEPTHC Target Earnings 2022-2024



**AEPTHC's 2017 – 2024 EPS growth projected  
at a CAGR of 11%**

Note: Historical and 2021 estimated EPS includes 12 months of Kentucky Transco earnings. 2022 estimated EPS includes only 4 months of Kentucky Transco earnings.

<sup>1</sup> Operating EPS decrease due to over collections in 2021 and related true-up in 2022.

## 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

# Well Positioned to Capture Potential New Transmission Investment Necessary to Link Clean Resource Rich Areas to Customers

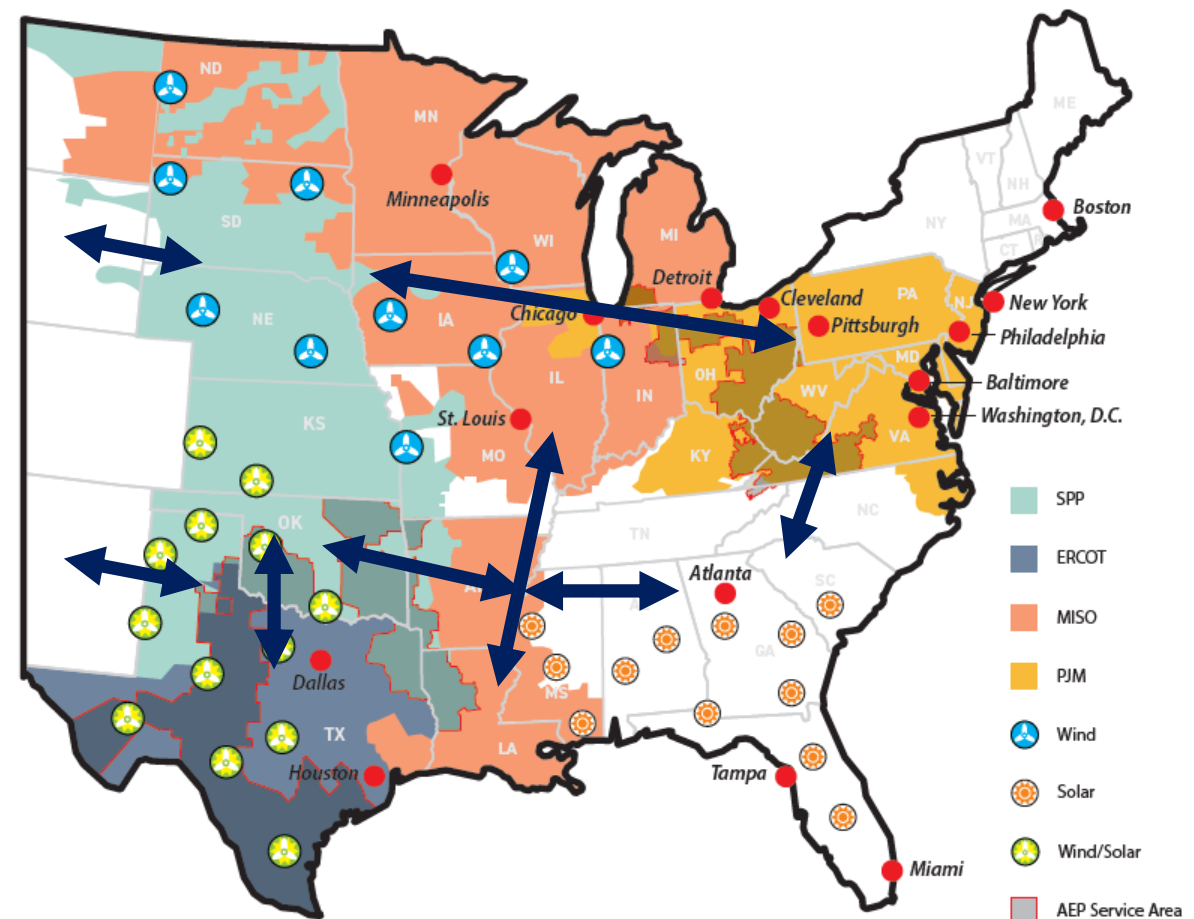
## AEP's Competitive Advantage

<b>Scale, Influence and Purchasing Power</b>	<input checked="" type="checkbox"/> Largest transmission owner in the U.S.
<b>Investment Opportunities in Grid of Future</b>	<input checked="" type="checkbox"/> Robust asset renewal program with technology upgrades (i.e. BOLD™, 765kV)
<b>Strategically Located</b>	<input checked="" type="checkbox"/> Geographically diverse and located on multiple market seams
<b>Established Competitive Entity with Proven Track Record</b>	<input checked="" type="checkbox"/> Transource is active in four RTOs
<b>Culture of Innovation</b>	<input checked="" type="checkbox"/> Savings to customers and advantage in competitive solutions



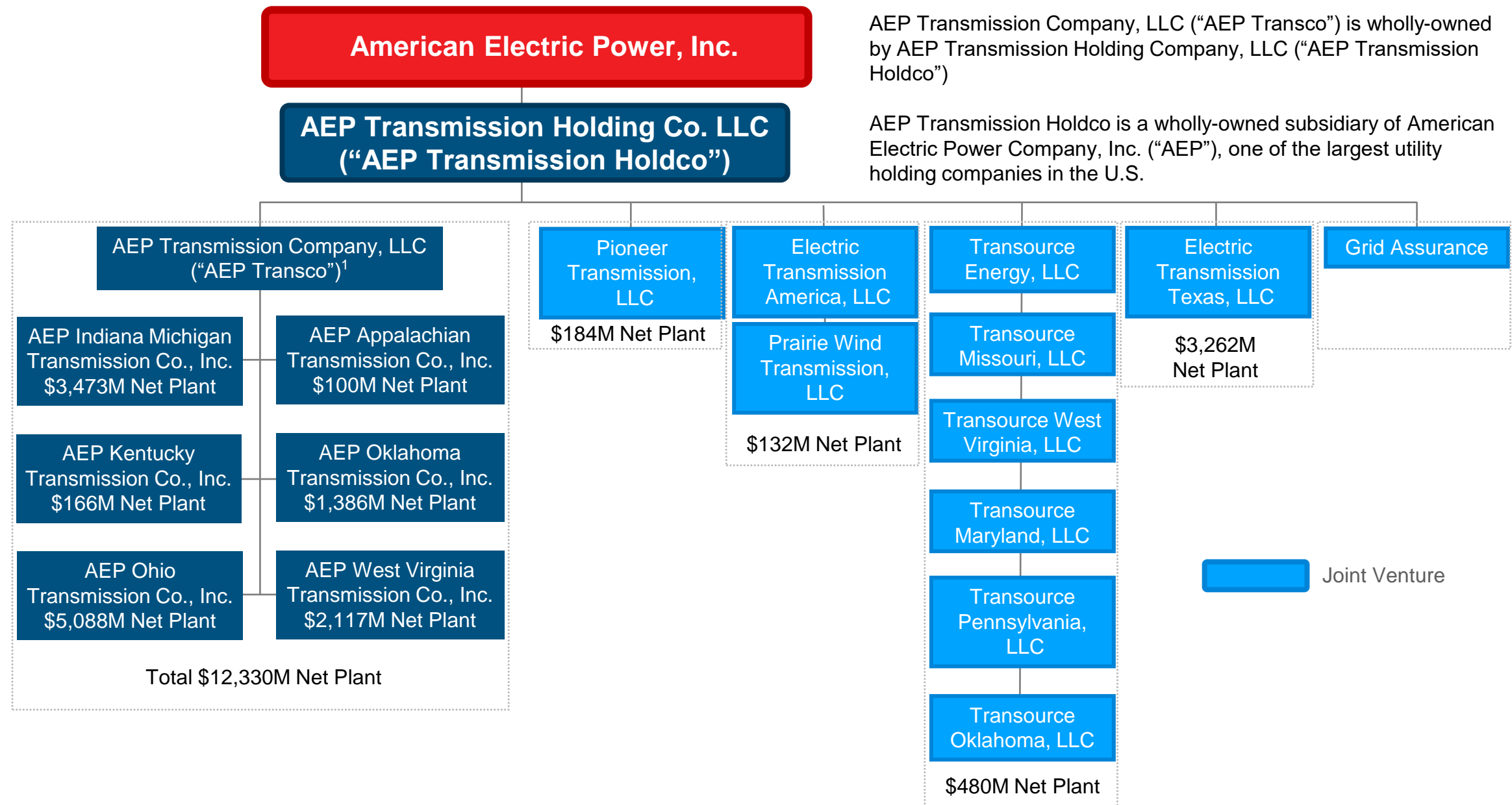
\*Transource is AEP's competitive-regulated transmission company

Increased flows across regional seams will link clean, resource-rich areas to customers and AEP is well-situated to deliver competitive or non-competitive transmission solutions



Note: Portion of large-scale transmission investment may be subject to competitive bidding rules per current FERC policy

# AEP Transmission Holdco Legal Entity Structure



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

AEP Transmission 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 as of 3/31/2022

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



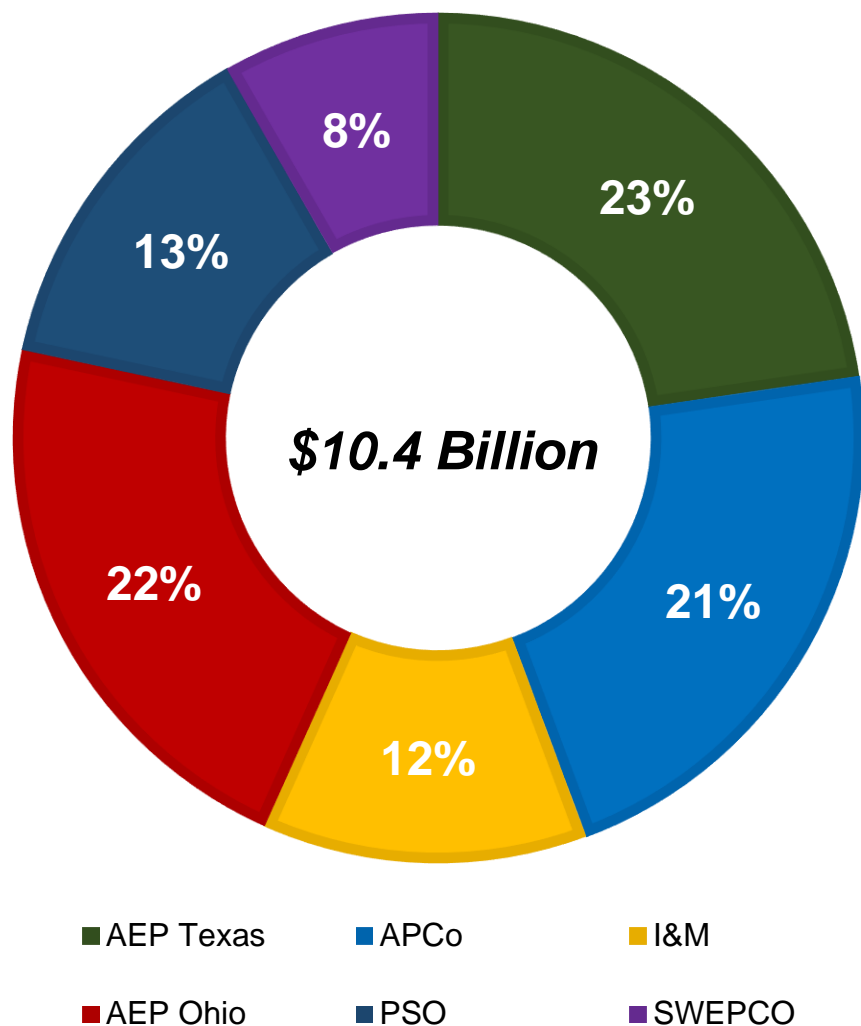
# UTILITY TRANSFORMATION

- Robust Distribution Capital Investment Opportunities
- Grid Transformation



# Robust Distribution Capital Investment Opportunities

## 2022 – 2026 Distribution Capital Forecast



## Distribution Spend Categories

Investment Category	Category Description	Capital Investment (in billions)
Capacity Expansion, Reliability and Modernization	Asset renewal and reliability investments including pole, conductor, cutout, station transformer and breaker replacements and capacity additions	\$ 6.0
Customer Requests	Investments for new service, upgrades, relocations	\$ 1.6
Automation and Technology	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	\$ 1.3
Restoration and Sparring	Storm restoration and spare equipment	\$ 0.5
Advanced Metering Infrastructure (AMI)	Advanced metering technology for the remaining AEP customers	\$ 0.4
Rural Broadband	Investment in fiber assets to provide middle mile broadband to rural communities and for company use	\$ 0.3
Green Technology	Investments in LED outdoor and streetlights and electric vehicle charging infrastructure	\$ 0.3
<b>Total</b>		<b>\$ 10.4</b>

## Additional Upside Opportunities

- Significant capital investment opportunity over the next decade to renew the distribution system and improve reliability
- Electrification and higher penetration levels of distributed resources may drive additional distribution investment opportunities

**AEP's expansive, aged distribution system provides significant opportunity for investment and we are developing a portfolio of projects to modernize the grid for our customers**

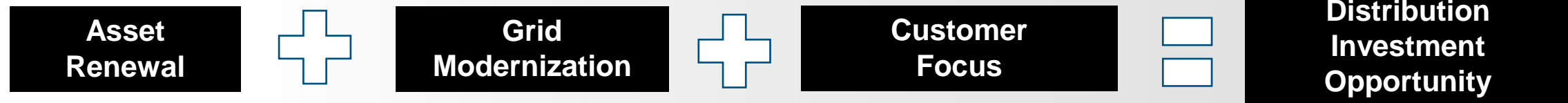


# Grid Transformation

**AEP is preparing to accommodate new grid resources, grow load in our service territories and open the door to future customer-driven growth opportunities**

**AEP's Expansive Distribution System Provides Significant Opportunity for Investment**

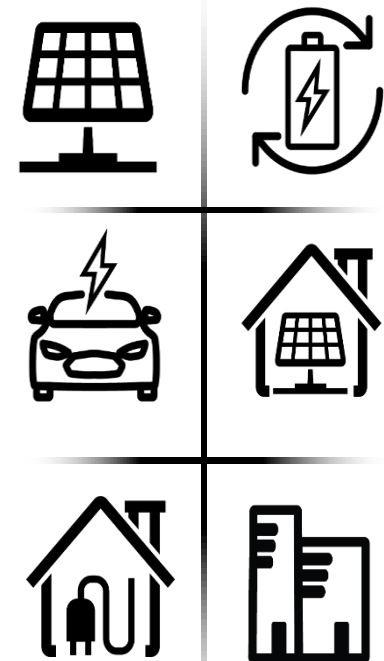
- 224,000 miles of distribution lines
- ~3,000 distribution substations



## Strategic Priorities:

- Improved reliability, storm hardening and resilience
- Increased operational capabilities
- Prepare the grid for enhanced DER penetration and electrification
- Develop robust pipeline of capital investments
- Enhance ability to obtain timely cost recovery from regulators

Developing long-term plans to focus on improved reliability, resiliency and to prepare the grid for 2-way power systems, supported by detailed 5-year capital investment plans





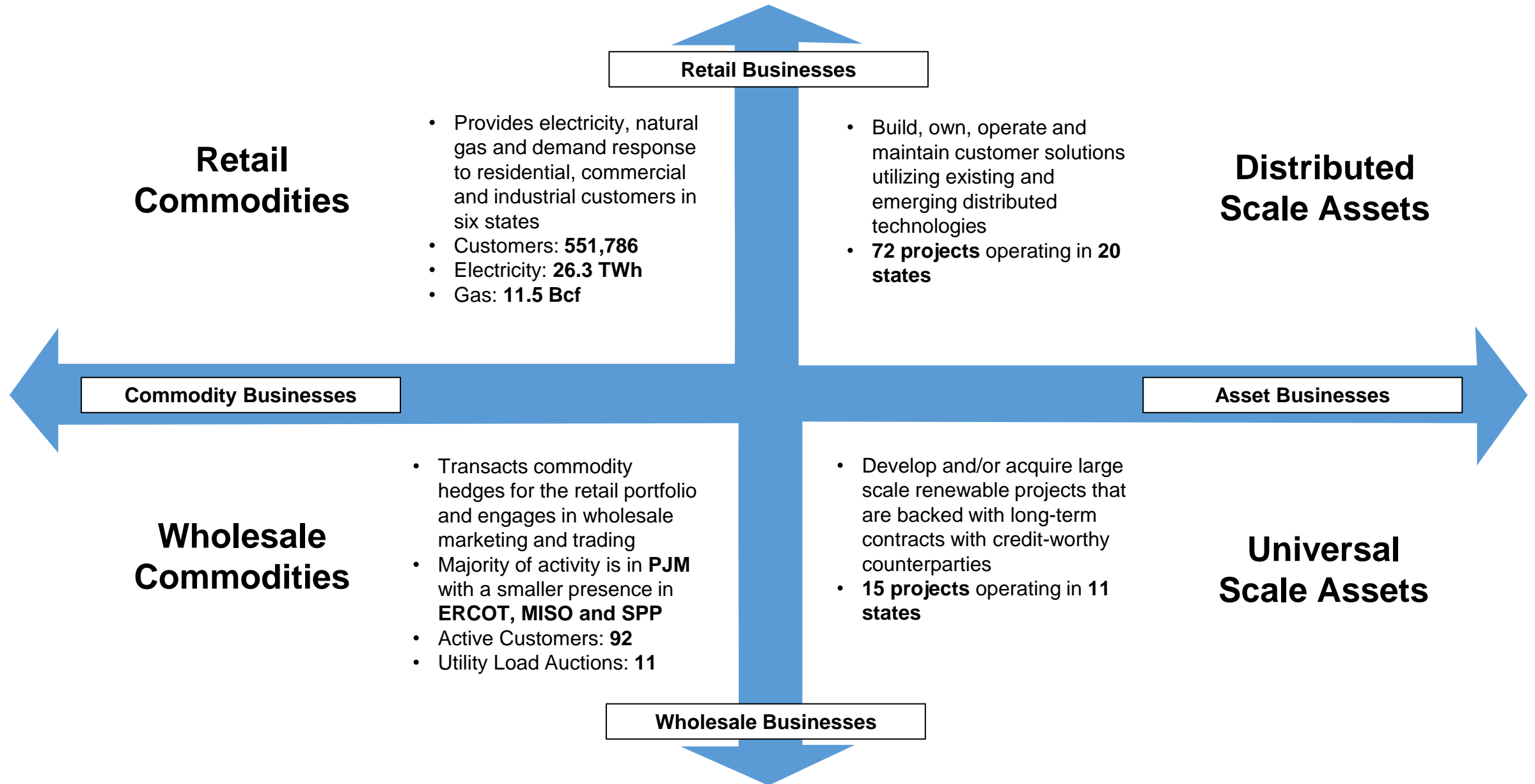
# COMPETITIVE BUSINESS

- **Business Strategy and Operations**
- **Contracted Renewable Assets**





# Competitive Business Strategy and Operations



As of 12/31/2021

# Contracted Renewable Assets

In February 2022, AEP announced its intention to sell all or a portion of its contracted renewable asset portfolio. The portfolio is made up of the following projects:

Project Name	Location	Resource	Commercial Operation Date	MW
Santa Rita East	Texas	Wind	July 2019	257
Trent Mesa	Texas	Wind	August 2018 <sup>1</sup>	156
Desert Sky	Texas	Wind	July 2018 <sup>1</sup>	170
Pavant	Utah	Solar	December 2016	20
Boulder	Nevada	Solar	January 2017	50
Jacumba	California	Solar	August 2017	20
Dry Lake	Nevada	Solar	May 2021	75
Black Oak Getty	Minnesota	Wind	December 2016	78
Apple Blossom	Michigan	Wind	November 2017	100
Mehoopany	Pennsylvania	Wind	December 2012	70
Fowler Ridge	Indiana	Wind	December 2009	100
Cedar Creek	Colorado	Wind	October 2011	124
Flat Ridge II	Kansas	Wind	December 2012	235
Auwahi	Hawaii	Wind / Battery	December 2012	17
Flat Ridge III	Kansas	Wind	December 2021	128
Total				1,600

<sup>1</sup> Commercial operation date represents repower completion date