

# AEP REACHES AGREEMENT TO SELL KENTUCKY OPERATIONS

October 26, 2021

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

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# Transaction Overview

<b>Transaction Description</b>	<ul style="list-style-type: none"> <li>▪ Sale of 100% of stock of Kentucky Power Company and AEP Kentucky Transco</li> <li>▪ Buyer: Liberty Utilities Co., a wholly owned subsidiary of Algonquin Power &amp; Utilities Corp.</li> </ul>
<b>Kentucky Operations</b>	<ul style="list-style-type: none"> <li>▪ Approximately 165,000 customers</li> <li>▪ Approximately 10,000 distribution and 1,200 transmission miles</li> <li>▪ 1,075 MW of owned generation                             <ul style="list-style-type: none"> <li>▪ Big Sandy Unit 1: 295 MW natural gas fired plant</li> <li>▪ Mitchell: 780 MW coal fired plant (a 50% undivided interest in the 1,560 MW plant)</li> </ul> </li> </ul>
<b>Transaction Value</b>	<ul style="list-style-type: none"> <li>▪ \$2.846 billion enterprise value including estimated debt at closing to be approximately \$1.3 billion (subject to true up), leading to an equity value of \$1.5 billion</li> <li>▪ AEP expects the sale to have an immaterial, one-time impact to after-tax book earnings</li> <li>▪ Sale is \$0.01-\$0.02 accretive in 2022 to ongoing earnings</li> <li>▪ \$1.45 billion approximate cash proceeds after tax and transaction costs utilized to eliminate 2022 forecasted equity needs of \$1.4 billion</li> </ul>
<b>Transaction Timing</b>	<ul style="list-style-type: none"> <li>▪ Expected to close in the second quarter of 2022</li> <li>▪ Regulatory approvals include FERC (180 days), Kentucky PSC (120 days), federal clearance pursuant to the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976 (30-60 days) and clearance from the Committee on Foreign Investment in the United States (90-120 days)</li> </ul>

Strengthens AEP's ability to advance our clean energy transformation