MUFG Utilities Conference
New York City, NY
March 22, 2018
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This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: economic growth or contraction within and changes in market demand and demographic patterns in AEP service territories, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, electric load and customer growth, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, availability of necessary generation capacity, the performance of generation plants and the availability of fuel, including processed nuclear fuel, parts and service from reliable vendors, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs, new legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service, environmental compliance and excess accumulated deferred income taxes, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for capacity and electricity, coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting pronouncements periodically issued by accounting standard-setting bodies, impact of tax reform on customer rates, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

INVESTOR RELATIONS

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THE PREMIER REGULATED ENERGY COMPANY

- 40,000 Miles of Transmission
- 5.4M Customers in 11 States
- 26GW Owned Generation
- $33B Current Market Capitalization
- $65B Total Assets

Note: Statistics as of December 31, 2017 except for market capitalization which is as of March 20, 2018
OUR STRATEGIC TRANSFORMATION

Actions taken today and in the future will reward our employees, customers and shareholders.
## AEP GOING FORWARD

<table>
<thead>
<tr>
<th>Well positioned as a regulated business</th>
<th>Earnings growth rate 5-7%</th>
<th>Growing dividend consistent with earnings</th>
<th>Renewable energy future</th>
</tr>
</thead>
</table>

### No Longer a Focus:

<table>
<thead>
<tr>
<th>Energy and Capacity Pricing</th>
<th>Ohio Restructuring</th>
<th>Resolution of Competitive Generation</th>
<th>Central Station Construction Projects</th>
</tr>
</thead>
</table>
ORGANIC INVESTMENT OPPORTUNITY EQUALS INCREASED GROWTH

$3.55 - $3.75
$3.75 - $3.95
$4.00 - $4.20

Original Operating Earnings Guidance
Actual $3.68
STRONG, CONSISTENT DIVIDEND GROWTH

EPS Growth + Dividend Yield = 10% to 12% Annual Return Opportunity

* Subject to Board approval
POSITIONING FOR THE FUTURE

CAPITAL INVESTMENT OPPORTUNITIES
$17.7B Cap-ex: 2018 - 2020

- AEP Transmission Holdco: $4.4B | 25%
- Transmission: $4.0B | 22%
- Distribution: $4.4B | 25%
- Corporate: $1.4B | 8%
- Regulated Renewables: $1.2B | 7%
- Regulated Environmental Generation: $0.6B | 3%
- Regulated Fossil/Hydro Generation: $0.7B | 4%
- Nuclear Generation: $0.5B | 3%
- Contracted Renewables: $0.5B | 3%

Updated 01/25/18
### CAPITAL FORECAST
#### 2018-2020 BY SUBSIDIARY

<table>
<thead>
<tr>
<th>$ in millions (excluding AFUDC)</th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Power Company</td>
<td>$724</td>
<td>$1,090</td>
<td>$681</td>
<td>$2,494</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>$39</td>
<td>$46</td>
<td>$58</td>
<td>$144</td>
</tr>
<tr>
<td>Kingsport Power Company</td>
<td>$20</td>
<td>$17</td>
<td>$17</td>
<td>$54</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>$567</td>
<td>$644</td>
<td>$544</td>
<td>$1,755</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>$162</td>
<td>$168</td>
<td>$203</td>
<td>$533</td>
</tr>
<tr>
<td>Ohio Power Company</td>
<td>$598</td>
<td>$581</td>
<td>$497</td>
<td>$1,676</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>$249</td>
<td>$273</td>
<td>$377</td>
<td>$899</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>$418</td>
<td>$394</td>
<td>$435</td>
<td>$1,247</td>
</tr>
<tr>
<td>AEP Texas Company</td>
<td>$1,187</td>
<td>$1,018</td>
<td>$867</td>
<td>$3,072</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$29</td>
<td>$69</td>
<td>$40</td>
<td>$138</td>
</tr>
<tr>
<td>AEP Transmission Holdco</td>
<td>$1,514</td>
<td>$1,544</td>
<td>$1,301</td>
<td>$4,359</td>
</tr>
<tr>
<td>Generation and Marketing</td>
<td>$416</td>
<td>$354</td>
<td>$469</td>
<td>$1,238</td>
</tr>
<tr>
<td>Other</td>
<td>$36</td>
<td>$17</td>
<td>$36</td>
<td>$88</td>
</tr>
<tr>
<td><strong>Total Capital and Equity Contributions</strong></td>
<td>$5,959</td>
<td>$6,214</td>
<td>$5,525</td>
<td>$17,698</td>
</tr>
</tbody>
</table>

Updated 01/25/18. Capital plans are continuously optimized which may result in redeployment between functions and companies. Table may not foot due to rounding.
## AEP CONSOLIDATED CASH FLOWS AND FINANCIAL METRICS

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from Operations</td>
<td>$4,400</td>
<td>$4,400</td>
<td>$4,800</td>
</tr>
<tr>
<td>Capital &amp; JV Equity Contributions</td>
<td>(6,000)</td>
<td>(6,200)</td>
<td>(5,500)</td>
</tr>
<tr>
<td>Other Investing Activities</td>
<td>(200)</td>
<td>(100)</td>
<td>(200)</td>
</tr>
<tr>
<td>Common Dividends</td>
<td>(1,200)</td>
<td>(1,200)</td>
<td>(1,200)</td>
</tr>
<tr>
<td>Excess (Required) Capital</td>
<td>(3,000)</td>
<td>(3,100)</td>
<td>(2,100)</td>
</tr>
</tbody>
</table>

### Financing

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (Required) Capital</td>
<td>(3,000)</td>
<td>(3,100)</td>
<td>(2,100)</td>
</tr>
<tr>
<td>Debt Maturities (Senior Notes, PCRBs)</td>
<td>(1,500)</td>
<td>(2,000)</td>
<td>(400)</td>
</tr>
<tr>
<td>Securitization Amortizations</td>
<td>(300)</td>
<td>(300)</td>
<td>(200)</td>
</tr>
<tr>
<td>Equity Issuances - Includes DRP/401(k)</td>
<td>100</td>
<td>100</td>
<td>500</td>
</tr>
<tr>
<td>Debt Capital Market Needs (New)</td>
<td>(4,700)</td>
<td>(5,300)</td>
<td>(2,200)</td>
</tr>
</tbody>
</table>

### Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization (GAAP)</td>
<td></td>
<td>Less than 60%</td>
<td></td>
</tr>
<tr>
<td>FFO/Total Debt (Moody's)</td>
<td></td>
<td>Mid Teens</td>
<td></td>
</tr>
</tbody>
</table>

Note: Updated 01/25/18. Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.

Anticipated cash flows maintain credit ratings.
# 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>Wind Catcher, regulated renewables, contracted renewables</td>
</tr>
<tr>
<td><strong>Technology</strong></td>
<td>Digitization, automation, cyber security, enterprise-wide applications</td>
</tr>
</tbody>
</table>
AEP TRANSMISSION HOLDCO LEGAL ENTITY STRUCTURE

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

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

Net Plant totals are as of December 31, 2017.
The nation’s largest transmission services provider is focused on delivering its $3 billion annual capital plan to improve grid resiliency and customer reliability while meeting earnings growth targets through diversified investments.
AEPTHC TARGET EARNINGS

AEPTHC EPS contribution grows from $0.16 in 2013 to $0.96-$0.99 in 2020

AEPTHC’s EPS growth is projected at a CAGR of 29%

Significant Investment
- Over $13B projected by 2020
  (AEP Transcos and our ownership percentage of JV Capital expenditures)

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

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

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

Note: Updated 03/14/18 to include the impact of Tax Reform.

* Capital investment excludes Transource unapproved projects, JV equity contributions, BOLD and Grid Assurance.
** In addition to forward looking rates, 2017 includes a historical true up for East Transcos. Having both in one year is a one time occurrence.
$3 BILLION OF TRANSMISSION INVESTMENT ANNUALLY

As the foundation of the power system, transmission integrates generation and loads across large regional footprints.

Key Grid Considerations
- Increasing energy supply diversity and complexity
- Tighter operating tolerances
- Deteriorating performance and condition of aging assets with increased risk of failure
- Increasing exposure to severe threats and events

Major Benefits Delivered
- Decrease customer exposure to Transmission outages
- Improve response time following outage events
- Enhance system operability
- Provide a secure and resilient grid
ROBUST TRANSMISSION CAPITAL EXPENDITURE OPPORTUNITIES

Transmission | Line Miles | Transformers | Circuit Breakers
---|---|---|---
Life Expectancy (years) | 70 | 60 | 50
Current Quantity over Life Expectancy | 6,403 | 244 | 1,015
Quantity that will exceed Life Expectancy in next ten years | 6,214 | 126 | 836
Total Renewal Opportunity over ten years | 12,617 | 370 | 1,851

$2.5 billion of annual on-system, organic capital investment is required to maintain current asset age profile
ROBUST DISTRIBUTION CAPITAL EXPENDITURE OPPORTUNITIES

• Grid Modernization
  ✓ Distribution SCADA
  ✓ Smart Circuits

• Reliability Improvement Projects
  ✓ Pole replacement and reconductoring program
  ✓ Increase capacity to facilitate ties for smart circuits

• Distribution Station Refurbishment
  ✓ Station breaker replacements
  ✓ Distribution station transformers

• Represents ~$500M/year of incremental investment opportunity

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Distribution | Station Transformers | Circuit Breakers
---|---|---
Life Expectancy (years) | 60 | 50
Current Quantity over Life Expectancy | 945 | 888
Quantity that will exceed Life Expectancy in next ten years | 469 | 1,172
Total Renewal Opportunity over ten years | 1,414 | 2,060

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Distribution Station Transformer Age Profile

Distribution Station Circuit Breaker Age Profile
INVESTING IN RENEWABLES
Project is expected to reduce rates for PSO & SWEPCO customers over the life of the project – with savings starting first year of operation – while providing meaningful capital investment and earnings growth opportunity for shareholders

- **Project Scope:** 2,000 MW (nameplate) wind farm and a dedicated ~350-mile 765kV gen-tie line
- **Regulated Investment Value:** ~$4.5 billion (includes taxes, overheads, AFUDC, and contingency)
- **Total Customer Savings (over 25-years):** $6.5 billion including value of Federal Production Tax Credit: $1.8 billion over first 10 years
- **Requested State Regulatory Approvals:** April 30, 2018; filed at FERC in Q4 2017
- **Target Completion:** Q4 2020
- **Proposed Ownership:** SWEPCO (70%) & PSO (30%)
PIPCLINE OF RENEWABLE OPPORTUNITIES
Regulated Owned Investment Pipeline

East Companies – 460 MW
West Companies – 910 MW

East Companies – 2,200 MW
Wind Catcher – 2,000 MW

5,570 MW through 2025

Note: Excludes PPAs
## CONTRACTED RENEWABLES

**$1.2B CAPITAL ALLOCATED 2018-2020**

<table>
<thead>
<tr>
<th></th>
<th>AEP ONSITE PARTNERS</th>
<th>AEP RENEWABLES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Generation Asset Owner</strong></td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>“Behind-the-Meter” Energy Assets</strong></td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td><strong>Universal Scale Energy Assets</strong></td>
<td></td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Key Customers</strong></td>
<td>Schools, Cities, Hospitals and Commercial / Industrial Accounts</td>
<td>Utilities, Municipalities, Corporations and Cooperative Accounts</td>
</tr>
<tr>
<td><strong>Key Technologies</strong></td>
<td>Distributed Generation, Renewables, Storage, Substations and Combined Heat and Power</td>
<td>Wind and Solar</td>
</tr>
</tbody>
</table>
CONTRACTED RENEWABLES OUTLOOK

AEP IS A WELCOMED STRATEGIC PARTNER AND HAS A STRONG PIPELINE OF ADDITIONAL OPPORTUNITIES

DEVELOPMENT PROJECTS

• Fully contracted assets
• Strong credit counterparties
• Long-term predictable cash flows and earnings
• Repowering of 310 MW of Trent and Desert Sky wind farms

DISCIPLINED INVESTMENT

• Specific return requirements
• Detailed technical reviews
• Measured approach to project risks
• Optimized through skilled asset management
9.1% CAGR IN RATE BASE
CUMULATIVE CHANGE FROM 2016 BASE

2016 Rate Base Proxy
Vertically Integrated Utilities  $22.7B
T&D Utilities  $8.6B
Transcos/Transource  $4.2B
Total  $35.5B

2017A  $2.9B
Vertically Integrated Utilities  $1.5
T&D Utilities  $1.1
Transcos/Transource  $0.3

2018E  $7.1B
Vertically Integrated Utilities  $2.7
T&D Utilities  $2.2
Transcos/Transource  $2.2

2019E  $11.4B
Vertically Integrated Utilities  $4.2
T&D Utilities  $3.4
Transcos/Transource  $3.8

2020E  $14.8B
Vertically Integrated Utilities  $5.0
T&D Utilities  $4.5
Transcos/Transource  $5.3

Updated 01/25/18
Regulated Operations ROE of 9.5%

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

Sphere size based on each company's relative equity balance.
CAPITALIZATION AND LIQUIDITY

Total Debt / Total Capitalization

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short/Long Term Debt</td>
<td>55.2%</td>
<td>54.3%</td>
<td>54.3%</td>
<td>53.2%</td>
<td>55.9%</td>
<td>54.6%</td>
<td>55.5%</td>
</tr>
<tr>
<td>Securitization Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Credit Statistics

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO to Total Debt</td>
<td>18.7%</td>
<td>Mid Teens</td>
</tr>
</tbody>
</table>

Represents the trailing 12 months as of 12/31/2017
See Appendix for reconciliation to GAAP

Liquidity Summary

<table>
<thead>
<tr>
<th>(unaudited)</th>
<th>12/31/2017 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$(in millions)</td>
<td>Amount</td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>$3,000</td>
</tr>
<tr>
<td>Plus</td>
<td>Cash &amp; Cash Equivalents</td>
</tr>
<tr>
<td>Less</td>
<td>Commercial Paper Outstanding</td>
</tr>
<tr>
<td></td>
<td>Letters of Credit Issued</td>
</tr>
<tr>
<td>Net Available Liquidity</td>
<td>$2,316</td>
</tr>
</tbody>
</table>

Qualified Pension Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Q3-17</th>
<th>Q4-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>92%</td>
<td>99%</td>
<td>97%</td>
<td>97%</td>
<td>96%</td>
<td>100%</td>
<td>101%</td>
</tr>
</tbody>
</table>

Strong balance sheet, credit metrics and liquidity
AEP AND TAX REFORM

Key Tax Reform Considerations

- AEP evaluated the right mix of cap-ex and rate base growth to maintain the 5%-7% growth rate, and ensure appropriate credit metrics
- 2018-2020 cap-ex revised from $18.2 billion to $17.7 billion

<table>
<thead>
<tr>
<th>($ in billions)</th>
<th>2018E</th>
<th>2019E</th>
<th>2020E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2017 EEI</td>
<td>$6.0</td>
<td>$6.2</td>
<td>$6.0</td>
<td>$18.2</td>
</tr>
<tr>
<td>Tax Reform Update</td>
<td>$6.0</td>
<td>$6.2</td>
<td>$5.5</td>
<td>$17.7</td>
</tr>
</tbody>
</table>

- Rate base supports 5-7% growth rate
- Maintain Baa1/BBB+ credit ratings
- No change to November 2017 EEI forecasted equity needs

Recap of Excess Deferred Taxes

<table>
<thead>
<tr>
<th>As of December 31, 2017 ($ in billions)</th>
<th>21% Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Regulated Deferred FIT</td>
<td>$11.1</td>
</tr>
<tr>
<td>Total Excess Regulated Deferred FIT</td>
<td>$4.4</td>
</tr>
<tr>
<td>Normalized Portion of Excess DFIT (to be refunded over life of property)</td>
<td>($3.2)</td>
</tr>
<tr>
<td>Non-depreciation Portion of Excess</td>
<td>$1.2</td>
</tr>
</tbody>
</table>

Regulatory Steps

- Various state commissions have already opened dockets to address tax reform
- Options for tax benefits
  - Decrease rates
  - Increase amortization of regulatory assets
  - Accelerate depreciation
  - Offset other rate increases

Parent Debt Interest

- Interest on parent debt expected to be mostly tax deductible
- No significant NOL going into 2018
NORMALIZED LOAD TRENDS

AEP Residential Normalized GWh Sales
% Change vs. Prior Year
- Q4-16: -0.8%
- Q1-17: -1.7%
- Q2-17: -1.5%
- Q3-17: -1.4%
- Q4-17: -1.2%
- YTD-17: 0.2%
- 2018 E: 0.3%

AEP Commercial Normalized GWh Sales
% Change vs. Prior Year
- Q4-16: 1.2%
- Q1-17: 0.0%
- Q2-17: -0.7%
- Q3-17: -1.3%
- Q4-17: -1.2%
- YTD-17: -0.8%
- 2018 E: 0.4%

AEP Industrial GWh Sales
% Change vs. Prior Year
- Q4-16: -0.9%
- Q1-17: -0.3%
- Q2-17: 4.0%
- Q3-17: 1.9%
- Q4-17: 5.6%
- YTD-17: 2.8%
- 2018 E: 0.0%

AEP Total Normalized GWh Sales
% Change vs. Prior Year
- Q4-16: -0.2%
- Q1-17: -0.8%
- Q2-17: -0.3%
- Q3-17: 0.7%
- Q4-17: 1.6%
- YTD-17: 0.3%
- 2018 E: 0.2%
CONTINUOUS IMPROVEMENT ENABLES O&M DISCIPLINE

Demonstrated track record of ability to offset inflationary increases

Note: Excluding items recovered in riders/trackers
### BENDING THE O&M Curve

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Examples</th>
</tr>
</thead>
</table>
| **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** – Optimizing the material requisition process to improve material lead times, reducing stock outs and increasing crew productivity resulting in reduced O&M cost  
**Fleet Operations** – Focused 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**                                  | **Rapid application & 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 |
## DEBT MATURITY PROFILE

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP, Inc.</td>
<td></td>
<td>$0.0</td>
<td>$0.0</td>
<td>$500.0</td>
<td>$0.0</td>
<td>$300.0</td>
<td>$0.0</td>
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<tr>
<td>AEP Generating Company</td>
<td></td>
<td>$125.0</td>
<td>$45.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>AEP Texas*</td>
<td></td>
<td>$30.0</td>
<td>$250.0</td>
<td>$110.6</td>
<td>$0.0</td>
<td>$425.0</td>
<td>$125.0</td>
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<td>AEP Transmission Company</td>
<td></td>
<td>$50.0</td>
<td>$85.0</td>
<td>$0.0</td>
<td>$50.0</td>
<td>$104.0</td>
<td>$60.0</td>
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<tr>
<td>Appalachian Power*</td>
<td></td>
<td>$100.0</td>
<td>$281.0</td>
<td>$65.4</td>
<td>$367.5</td>
<td>$0.0</td>
<td>$0.0</td>
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<tr>
<td>Indiana Michigan Power</td>
<td></td>
<td>$300.0</td>
<td>$523.9</td>
<td>$42.8</td>
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<td>$250.0</td>
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<tr>
<td>Kentucky Power</td>
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<td>$75.0</td>
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<td>$40.0</td>
<td>$0.0</td>
<td>$0.0</td>
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<tr>
<td>Ohio Power*</td>
<td></td>
<td>$350.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$500.0</td>
<td>$0.0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Public Service of Oklahoma</td>
<td></td>
<td>$0.0</td>
<td>$375.0</td>
<td>$12.7</td>
<td>$250.0</td>
<td>$0.0</td>
<td>$0.0</td>
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<tr>
<td>Southwestern Electric Power</td>
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<td>$381.7</td>
<td>$453.5</td>
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<td>$0.0</td>
<td>$275.0</td>
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<tr>
<td>Wheeling Power Company</td>
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<td>$65.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$0.0</td>
<td>$113.0</td>
<td>$0.0</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$1,477</td>
<td>$2,013</td>
<td>$911</td>
<td>$1,353</td>
<td>$1,285</td>
<td>$435</td>
</tr>
</tbody>
</table>

* Excludes securitization bonds

Includes mandatory tenders (put bonds)
Data as of December 31, 2017
2018 DEBT ISSUANCES AND MATURITIES OVERVIEW

($) in millions

2018 Maturities
2018 Expected Issuances
# AEP CREDIT RATINGS

<table>
<thead>
<tr>
<th>Company</th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Electric Power Company, Inc.</td>
<td>Baa1 S</td>
<td>BBB+ S</td>
</tr>
<tr>
<td>AEP, Inc. Short Term Rating</td>
<td>P2 S</td>
<td>A2 S</td>
</tr>
<tr>
<td>AEP Texas, Inc.</td>
<td>Baa1 S</td>
<td>A- S</td>
</tr>
<tr>
<td>AEP Transmission Company, LLC</td>
<td>A2 S</td>
<td>A- S</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>Baa1 S</td>
<td>A- S</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>Baa1 P</td>
<td>A- S</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>Baa2 S</td>
<td>A- S</td>
</tr>
<tr>
<td>Ohio Power Company</td>
<td>A2 S</td>
<td>A- S</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>A3 N</td>
<td>A- S</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>Baa2 S</td>
<td>A- S</td>
</tr>
<tr>
<td>Transource Energy</td>
<td>A2 S</td>
<td>Not Rated</td>
</tr>
</tbody>
</table>

Credit ratings current as of March 20, 2018
Base rate case filed July 26, 2017

- Cause #: 44967
- Requested rate base: $4.185B (IN jurisdiction)
- Requested ROE: 10.6%
- Cap Structure: 53.5%D / 46.5%E
- Base Rate Increase: $263M ($89M increased D&A)
- Test Year: 2018 Forecasted

- Procedural Schedule:
  - Settlement Agreement Filed: 02/14/2018
  - Settlement Hearing: 03/07/2018
  - Effective Date: 07/01/2018
**Base rate case filed May 15, 2017**

- **Docket #:** U-18370
- **Requested rate base:** $1.015B (MI jurisdiction)
- **Requested ROE:** 10.6%
- **Cap Structure:** 53.6%D / 46.4%E
- **Base Rate Increase:** $52M ($28M increased D&A)
- **Test Year:** 2018 Forecasted (13 mo. average rate base) average
- **Procedural Schedule:** Anticipated Order 04/12/2018
# WIND CATCHER ENERGY CONNECTION

## Procedural Schedules

### PSO – Oklahoma

- ALJ Report Filed: 02/12/2018
- Exceptions Filed: 02/23/2018
- Response to Exceptions: 02/28/2018
- Arguments on Exceptions: 03/14/2018

### SWEPCO – Texas

- Hearing: 02/13/2018
- Initial Briefs: 03/12/2018
- Reply Briefs: 03/21/2018

### SWEPCO – Arkansas

- Settlement Agreement Filed: 02/20/2018
- Hearing: 03/01/2018

### SWEPCO – Louisiana

- Staff and Intervenor Surrebuttal: 03/02/2018
- SWEPCO Sur-Surrebuttal: 03/08/2018
- Pre-Hearing Briefs: 03/29/2018
- Hearing Begins: 04/09/2018

Note: FERC filing with respect to wholesale customers: Q4 2017

*Oklahoma has a 240-day statutory timeline for issuing an order, making the requested approval date March 31, 2018
SUSTAINABLE FUTURE
TRANSFORMING OUR GENERATION FLEET

As of December 31, 2017 and excludes impact of Wind Catcher.
Future includes IRP forecasted additions and retirements through 2030.
Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.
INVESTING BILLIONS TO REDUCE EMISSIONS

$ in millions

$102 $275 $364 $217 $340 $811 $1,366 $994 $887 $457 $304 $187 $241 $424 $540 $599 $384 $136

Total $8.6 Billion
DRAMATIC REDUCTIONS IN EMISSIONS

Total AEP System NOx & SO\textsubscript{2} Emissions

SO\textsubscript{2}

NO\textsubscript{x}

Hg

1990-2016 ACTUAL

94%

90%

93%

1990-2016 ACTUAL
DRAMATIC REDUCTIONS IN EMISSIONS

Total AEP System - Annual CO2 Emissions
in million metric tons

2000-2016 Actual

CO2 44%
INVESTING IN A GREENER FUTURE

AEP System Planned Generation Resource Additions
Regulated and AEP Ohio Purchase Power Agreement

<table>
<thead>
<tr>
<th>Year</th>
<th>Wind</th>
<th>Solar</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>85MW</td>
<td>195MW</td>
<td>280MW</td>
</tr>
<tr>
<td>2019</td>
<td>110MW</td>
<td>550MW</td>
<td>660MW</td>
</tr>
<tr>
<td>2020</td>
<td>170MW</td>
<td>775MW</td>
<td>945MW</td>
</tr>
<tr>
<td>2021</td>
<td>590MW</td>
<td>1,175MW</td>
<td>1,765MW</td>
</tr>
<tr>
<td>2022</td>
<td>200MW</td>
<td>300MW</td>
<td>500MW</td>
</tr>
<tr>
<td>2023</td>
<td>190MW</td>
<td>250MW</td>
<td>440MW</td>
</tr>
<tr>
<td>2024</td>
<td>250MW</td>
<td>250MW</td>
<td>500MW</td>
</tr>
<tr>
<td>2025</td>
<td>250MW</td>
<td>250MW</td>
<td>500MW</td>
</tr>
<tr>
<td>2026</td>
<td>250MW</td>
<td>250MW</td>
<td>500MW</td>
</tr>
<tr>
<td>2027</td>
<td>400MW</td>
<td>400MW</td>
<td>800MW</td>
</tr>
<tr>
<td>2028</td>
<td>360MW</td>
<td>400MW</td>
<td>760MW</td>
</tr>
<tr>
<td>2029</td>
<td>300MW</td>
<td>400MW</td>
<td>700MW</td>
</tr>
<tr>
<td>2030</td>
<td>280MW</td>
<td>400MW</td>
<td>680MW</td>
</tr>
<tr>
<td>Total</td>
<td>3,065MW</td>
<td>5,295MW</td>
<td>8,360MW</td>
</tr>
</tbody>
</table>

Wind and solar represents nameplate MW capacity.


Actual additions depend on market conditions, regulatory approval, customer demand and other external factors.
## AEP's December 31, 2017 Renewable Portfolio, in MW

<table>
<thead>
<tr>
<th>Hydro, Wind, Solar &amp; Pumped Storage</th>
<th>Owned MW</th>
<th>PPA MW</th>
<th>Total MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>209</td>
<td></td>
<td>209</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>816</td>
<td>456</td>
<td>1,272</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>36</td>
<td>450</td>
<td>486</td>
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<tr>
<td>Public Service of Oklahoma</td>
<td></td>
<td>1,137</td>
<td>1,137</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
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<td>469</td>
<td>469</td>
</tr>
<tr>
<td>Competitive Wind, Solar &amp; Hydro</td>
<td>498</td>
<td>177</td>
<td>675</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,350</td>
<td>2,898</td>
<td>4,248</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
The Premier Regulated Energy Company

- Higher growth
- Higher dividends
- More certainty
- More regulated