



# Wolfe Utilities and Clean Energy Conference

New York City  
September 28, 2023



## “Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

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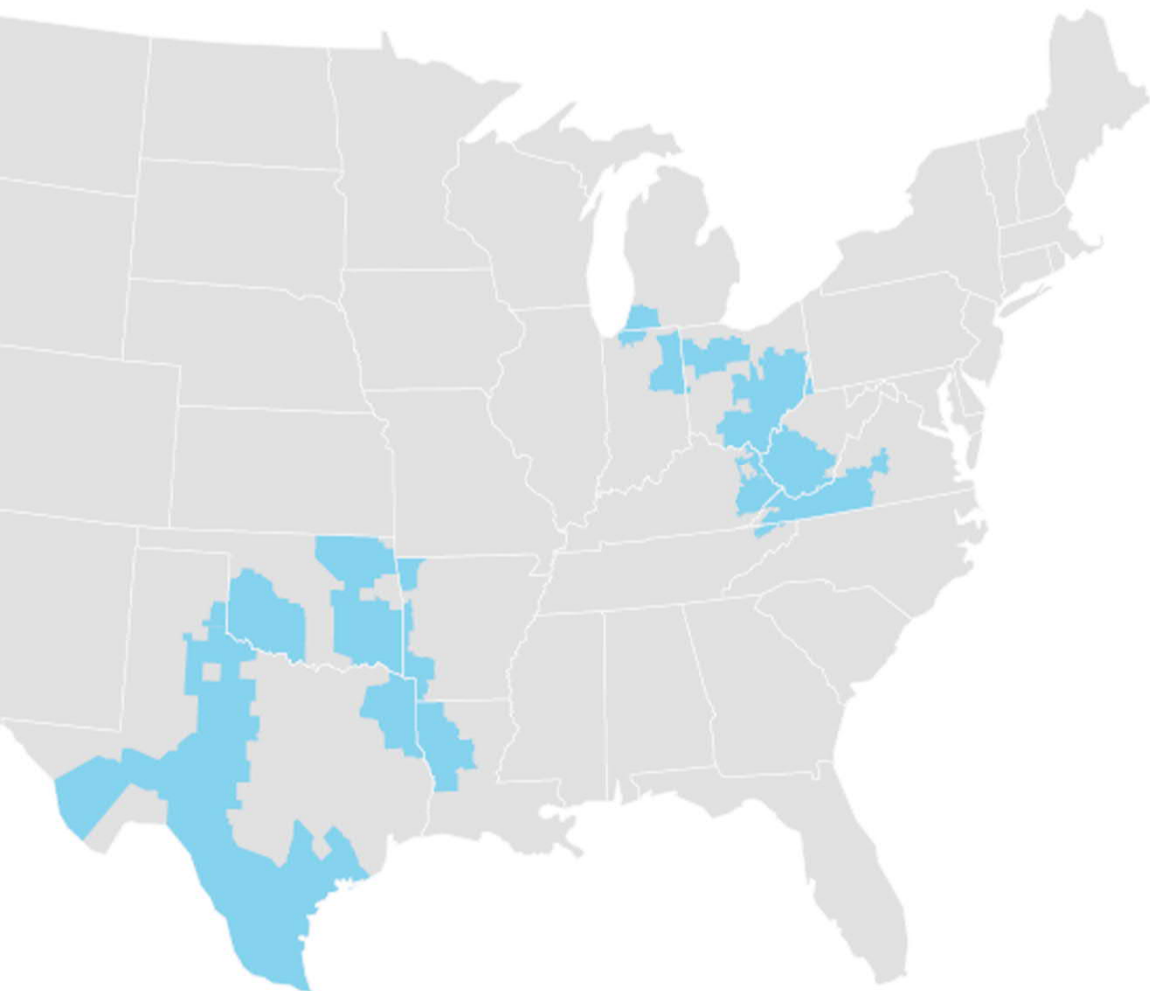
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of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly (i) if expected sources of capital, such as proceeds from the sale of assets, subsidiaries or tax credits, 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, meet cost caps imposed by regulators and other operational commitments to regulatory commissions and customers for renewable generation projects, and to recover all related costs, new legislation, litigation or 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 impact of federal tax legislation on results of operations, financial condition, cash flows or credit ratings, the risks before, during and after generation of electricity associated with the fuels used or the byproducts and wastes of such fuels, including coal ash and spent 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, the impact of changing expectations and demands of customers, regulators, investors and stakeholders, including heightened emphasis on environmental, social and governance concerns, 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.



## AEP Is a Pure Play Regulated Utility



# 40k

## TRANSMISSION MILES

Nation's largest electric transmission system

# 225k

## DISTRIBUTION MILES

One of the largest distribution systems in the U.S.

# 25GW

## OWNED GENERATION

Diverse generation fleet  
As of June 30, 2023

# \$94B

## TOTAL ASSETS

Strong balance sheet

# \$61B

## RATE BASE

As of December 31, 2022

# \$41B

## CURRENT MARKET CAPITALIZATION

As of September 25, 2023

# 17,000

## EMPLOYEES

Across the system

# 5.6M

## CUSTOMERS

Throughout 11 states

Statistics are as of December 31, 2022 except for owned generation and market capitalization.

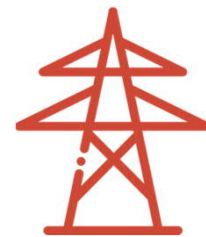
# AEP Is Powering the Future

*One of the Largest Utilities in the U.S. by Rate Base and Market Cap*



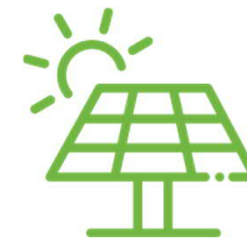
## Delivering Consistent, Strong Performance

- Stable, resilient business allows us to keep customer rates affordable
- Commitment to 6%-7% annual operating earnings growth; dividend growth is in line with earnings
- 10%-11% consistent total shareholder return
- Strong balance sheet with a targeted FFO/Debt of 14%-15%
- 2023 operating earnings guidance range of \$5.19-\$5.39



## Operating Attractive Transmission and Distribution Assets

- Largest transmission provider in the U.S.
- One of the largest distribution providers in the U.S.
- Bolstered by organic growth with diversity in geographic footprint and customer base
- Capital forecast of \$40B includes \$15B of transmission investment and \$11B of distribution investment



## Leading the Clean Energy Transition

- Proven track record of investing in sustainability and reducing fleet emissions
- Plans to add 17 GW of new resource opportunities between 2023 and 2032
- Goal of net zero by 2045
- Capital forecast includes \$9B of regulated renewable investment



## Actively Managing the Business and Portfolio


- Immediate-term focus on de-risking and simplifying business
- Thoughtful and proactive portfolio management and investment to support strategy
- Strong employee base led by experienced leaders with a shared passion for the AEP mission



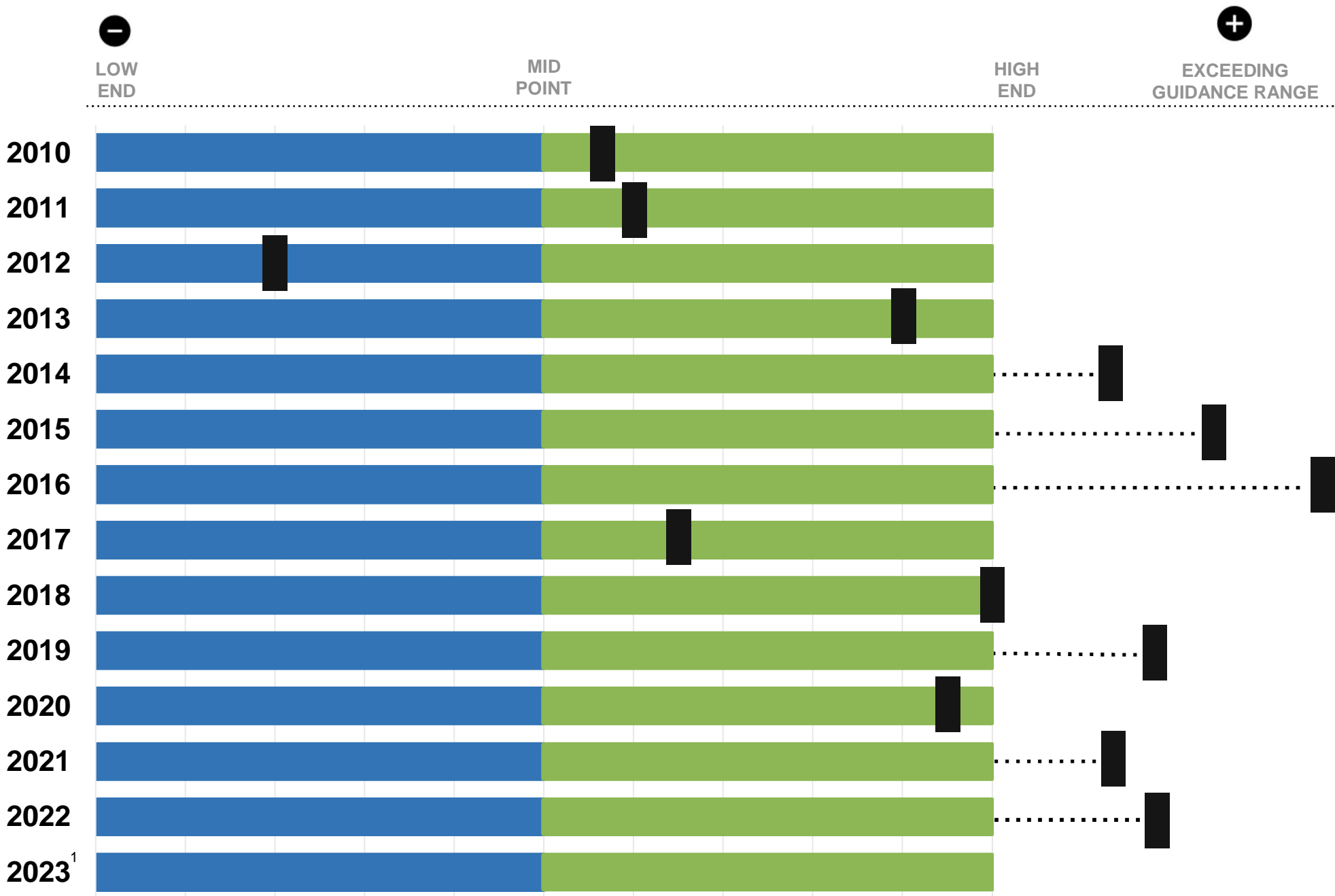
# Proven Track Record of EPS Performance

Over a decade of meeting  
or exceeding original EPS  
guidance

<sup>1</sup> 2023 operating EPS guidance is \$5.19-\$5.39.

 Actual Result

Actual operating EPS in comparison  
to original 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

<sup>1</sup> Targeted dividend growth is in-line with 6%-7% annual operating earnings growth, subject to approval by Board of Directors.

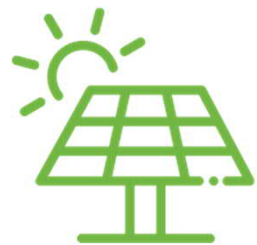


EPS Growth + Dividend Yield = 10% to 11% Annual Return Opportunity

## Stakeholder Commitments



**6%-7% Annual  
Operating Earnings  
Growth**



**ESG Goal of Net  
Zero by 2045**



**Dividend Growth In-line with  
Earnings Growth and Targeted  
Payout Ratio of 60%-70%**



**Customer Care: Commitment to  
Identification and Realization of  
Efficiencies to Keep Customer Rates  
Affordable**



**Strong Balance Sheet  
with a Target FFO/Debt  
of 14%-15%**



**Active Management of the AEP  
Portfolio with the Primary Objective  
to De-risk and Simplify Our  
Business**



# Positioning for the Future

2023-2027 Capital Forecast

Shift to Wires and Renewables

2023-2027 Cash Flows and Financial Metrics

Rate Base Growth

Efficient Cost Recovery Mechanisms





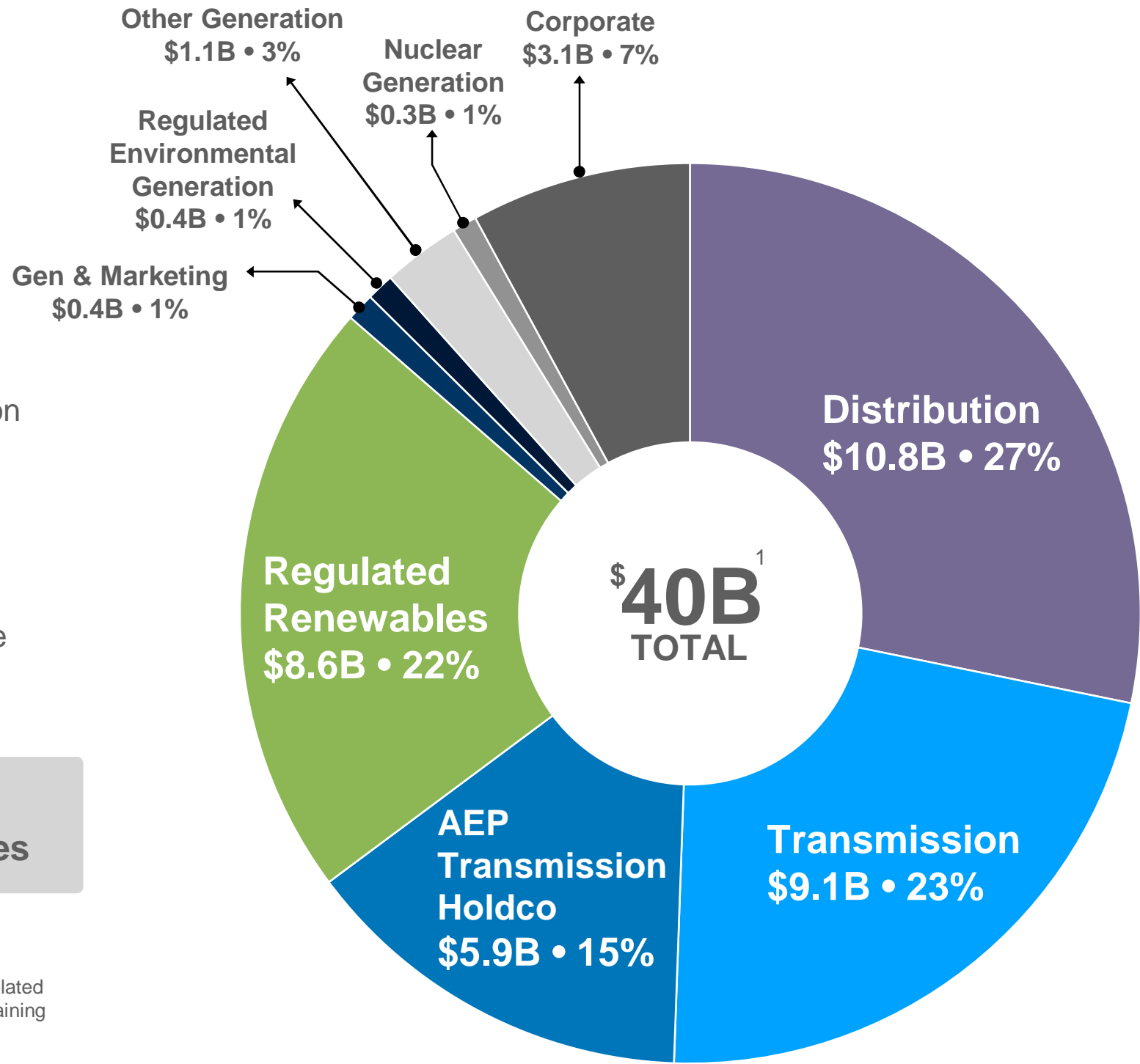
# 2023-2027 Capital Forecast of \$40B

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

On a system average, we expect rates to go up approximately 4% annually over the forecasted period

Capital forecast emphasizes investment in wires and renewables

<sup>1</sup> With the 2023 Kentucky operations sale termination, Kentucky related capital will be absorbed within the current capital plan while maintaining the existing functional split.



99%  
of capital allocated to regulated businesses

\$26B 65%  
allocated to wires

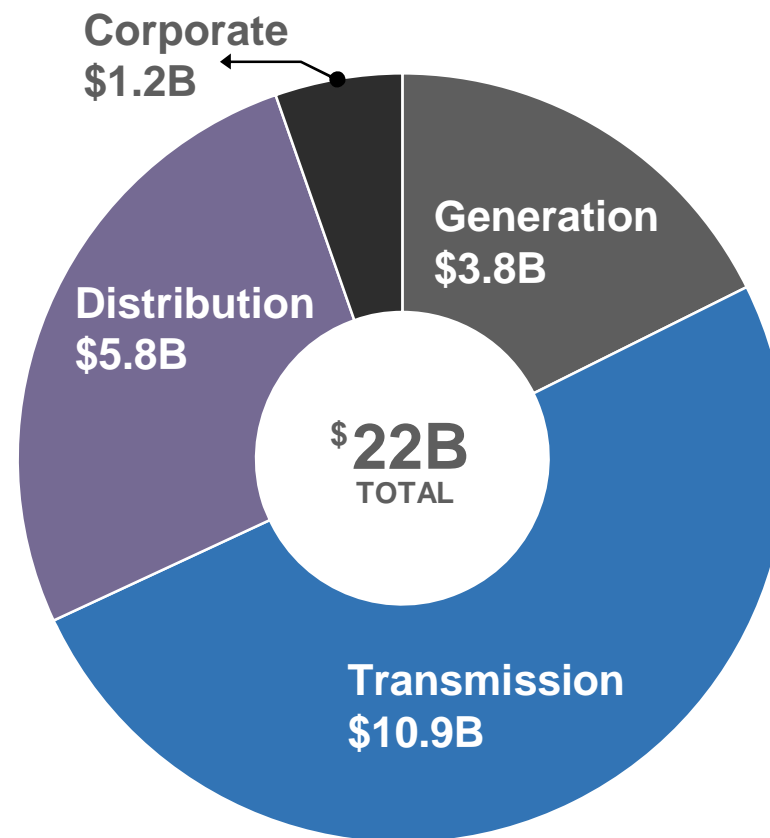
\$9B 22%  
allocated to regulated renewables

7.5%  
resulting rate base CAGR

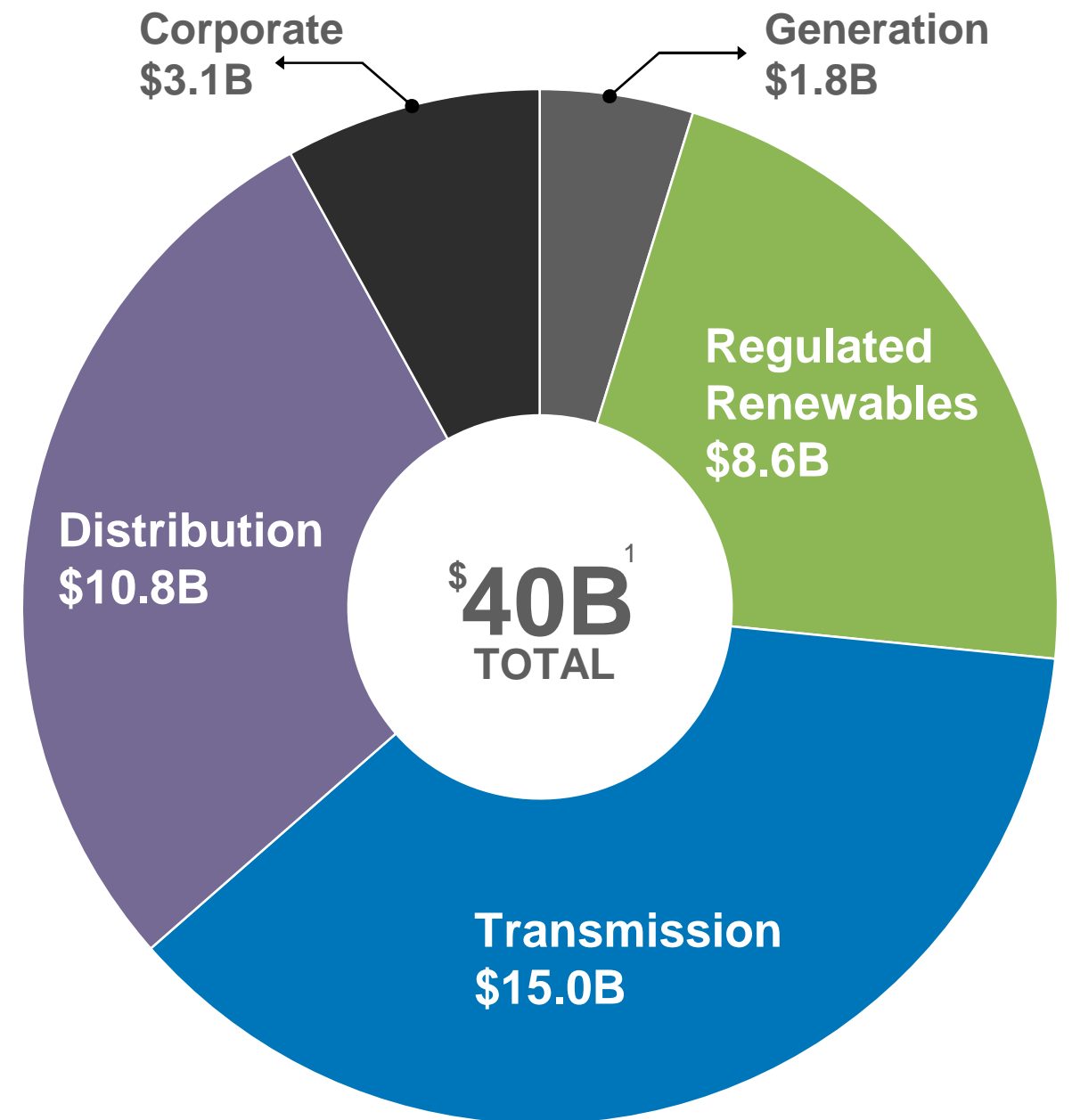
## Shift to Wires and Renewables

~90% of future investment  
is in wires and renewable  
generation

**2013-2017  
Regulated Capital**



**2023-2027 Regulated  
Capital Forecast**



<sup>1</sup> With the 2023 Kentucky operations sale termination, Kentucky related capital will be absorbed within the current capital plan while maintaining the existing functional split.



# 2023-2027 Cash Flows and Financial Metrics

Cash proceeds related to the sale of unregulated contracted renewable assets are included in 2023; proceeds from other future assets sales are not included

\$ in millions	2023E	2024E	2025E	2026E	2027E
Cash from Operations	\$ 5,800	\$ 6,700	\$ 7,000	\$ 7,700	\$ 8,100
Net Cash Proceeds from Sale of Assets <sup>1</sup>	1,200	-	-	-	-
Capital and JV Equity Contributions	(6,800)	(8,900)	(9,700)	(7,300)	(6,900)
Other Investing Activities	(100)	(300)	(200)	(300)	(200)
Common Dividends <sup>2</sup>	(1,700)	(1,900)	(2,100)	(2,200)	(2,400)
Required Capital	<b>\$ (1,600)</b>	<b>\$ (4,400)</b>	<b>\$ (5,000)</b>	<b>\$ (2,100)</b>	<b>\$ (1,400)</b>
<b>Financing</b>					
Required Capital	\$ (1,600)	\$ (4,400)	\$ (5,000)	\$ (2,100)	\$ (1,400)
Long-term Debt Maturities	(2,600)	(1,700)	(2,300)	(1,700)	(1,500)
Short-term Debt Repayments	(1,000)	-	-	-	-
Securitization Amortizations	(100)	(200)	(100)	(100)	(100)
Equity Units Conversion	850	-	-	-	-
Equity Issuances – Includes DRP	100	600	700	700	700
<b>Debt Capital Market Needs (New)</b>	<b>\$ (4,350)</b>	<b>\$ (5,700)</b>	<b>\$ (6,700)</b>	<b>\$ (3,200)</b>	<b>\$ (2,300)</b>
<b>Financial Metrics</b>					
Debt to Capitalization (GAAP)	Approximately 60%				
FFO/Total Debt (Moody's)	14%-15% Target Range				

<sup>1</sup> Cash proceeds to Parent of \$1.2B in 2023 relates to the sale of unregulated contracted renewable assets completed in August 2023.

<sup>2</sup> Targeted dividend growth is in-line with 6%-7% annual operating earnings growth, subject to approval by Board of Directors. Stated target payout ratio range is 60%-70% of operating earnings.

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



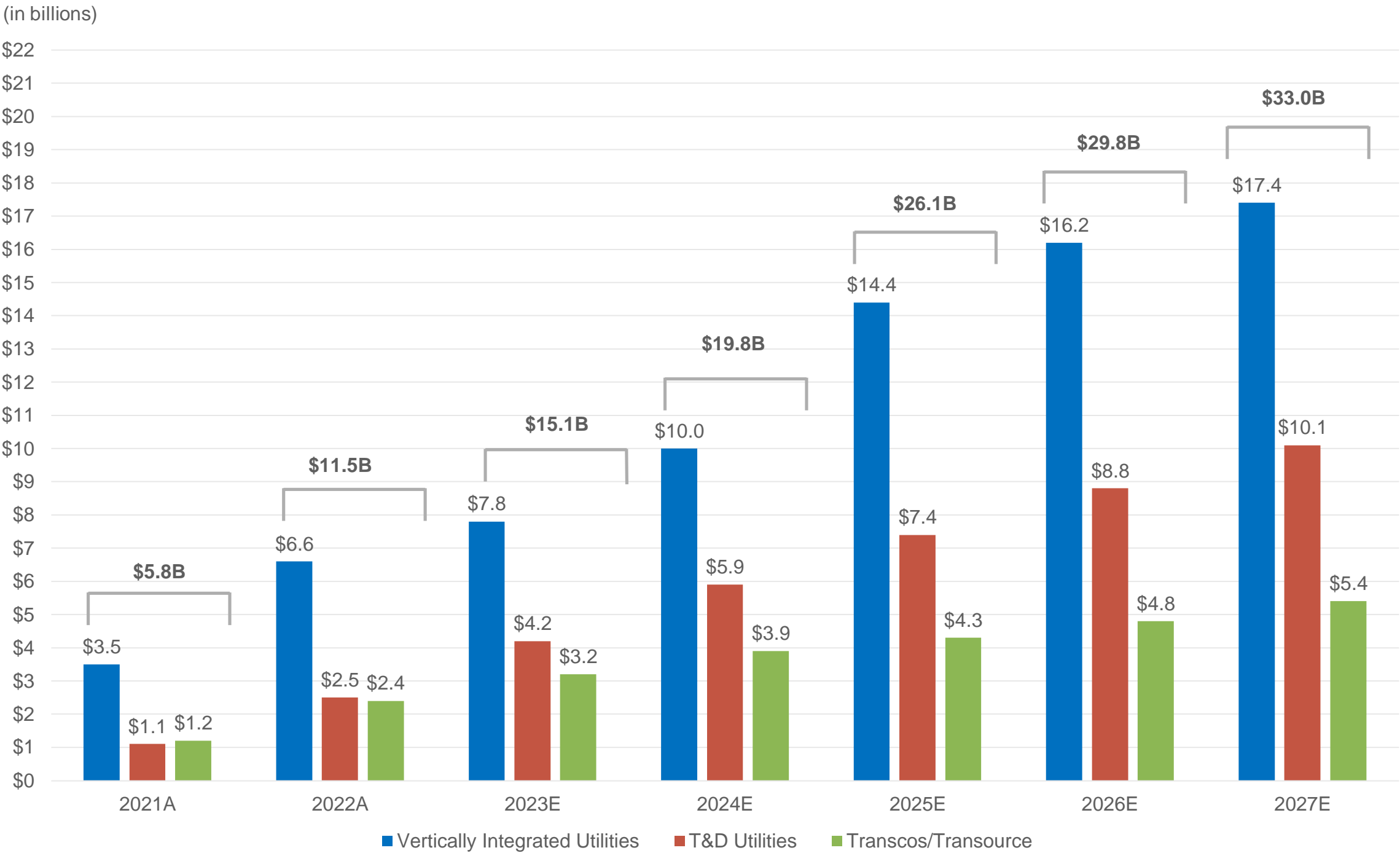
# 7.5% CAGR in Rate Base Growth

Cumulative change from 2020 base

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

2020 RATE BASE PROXY	
Vertically Integrated Utilities	\$27.2B
T&D Utilities	\$13.8B
Transcos/Transource	\$9.4B
<b>TOTAL</b>	<b>\$50.4B</b>

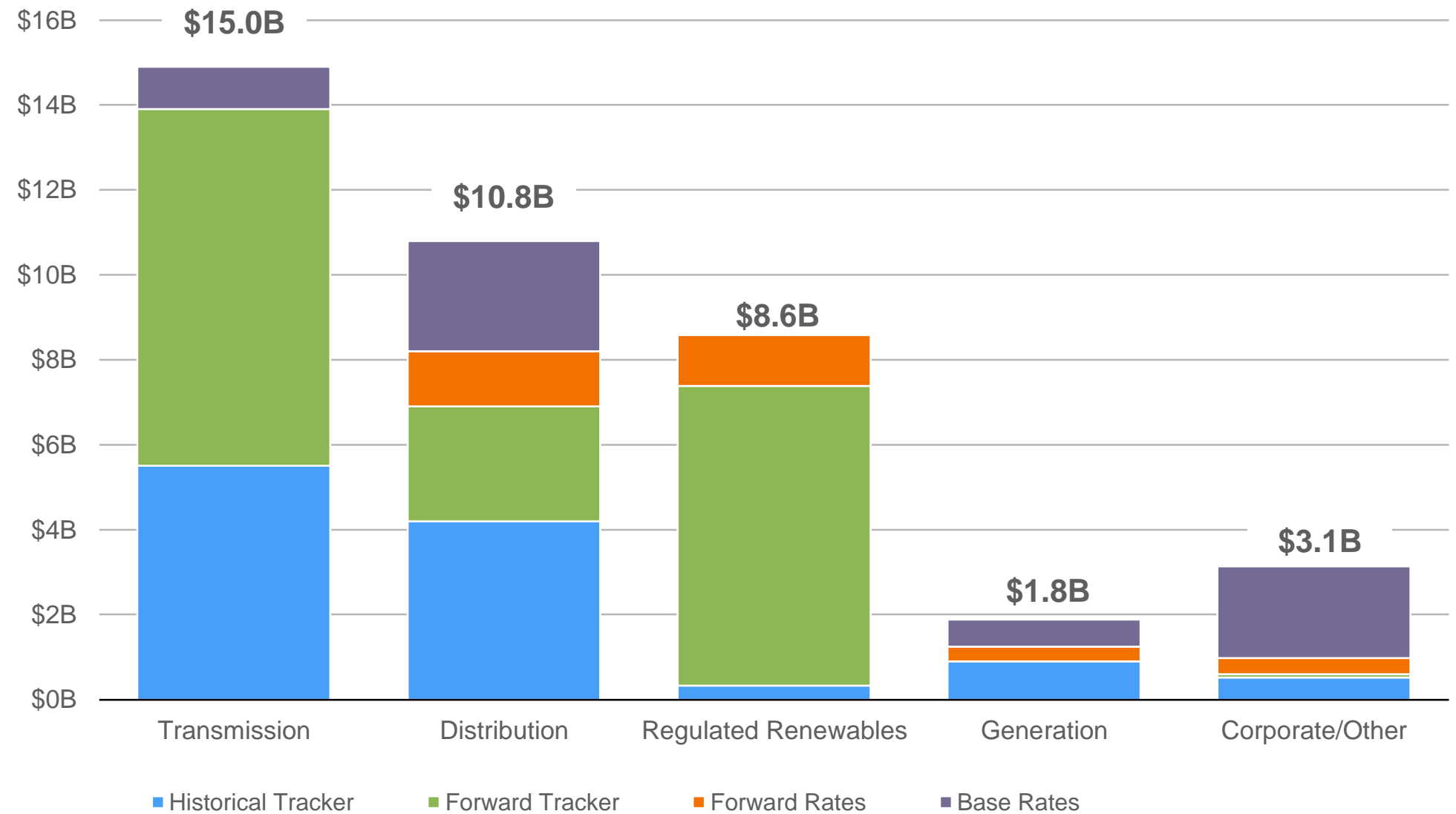
Adjusted data to include Kentucky rate base while maintaining the existing functional split related to the current 5-year capital plan.



# Efficient Cost Recovery Mechanisms

~85% of capital plan is recovered through reduced lag mechanisms

## 2023-2027 Regulated Capital Investments





# Financial Information

**Second Quarter 2023 Operating Earnings**

**Continued Focus on O&M Efficiency**

**Normalized Retail Load Trends**

**Capitalization and Liquidity**

**2023 Debt Issuances and Maturities Overview**

**Credit Ratings**





# 2<sup>nd</sup> Quarter Operating Earnings Segment Detail

Key Drivers Q2-23 vs. Q2-22





# Continuous Focus on O&M Efficiency

O&M discipline over time amid rising costs and growing asset base helps keep customer rates affordable

\$41B

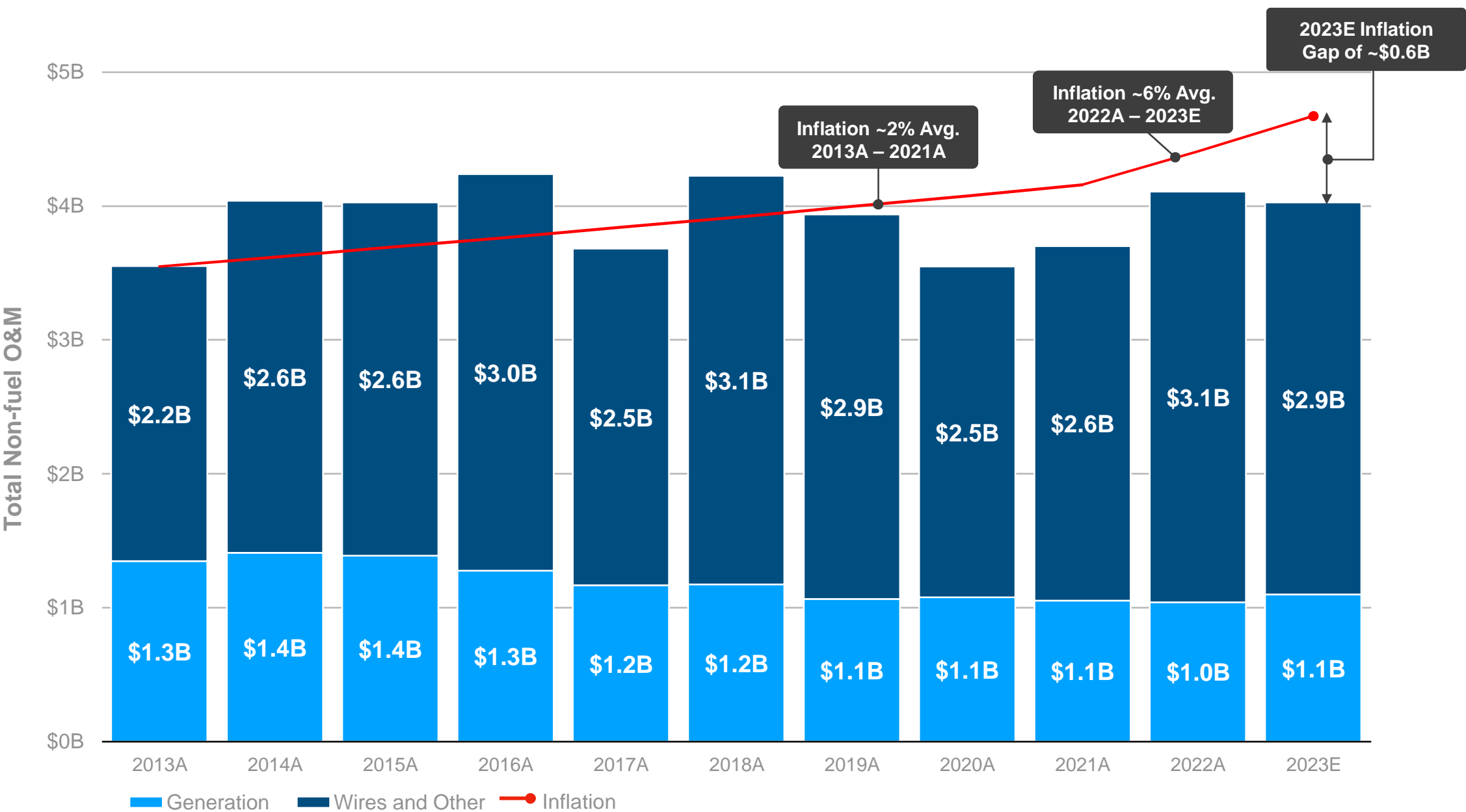
2013A Net Plant

>>

\$79B

2023E Net Plant

Total tracked and untracked O&M are both actively managed to address customer affordability



(in billions)	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E
Untracked O&M	\$2.8	\$3.1	\$3.1	\$3.1	\$2.8	\$3.1	\$3.1	\$2.7	\$2.8	\$3.0	\$2.9

Data adjusted to include Kentucky.



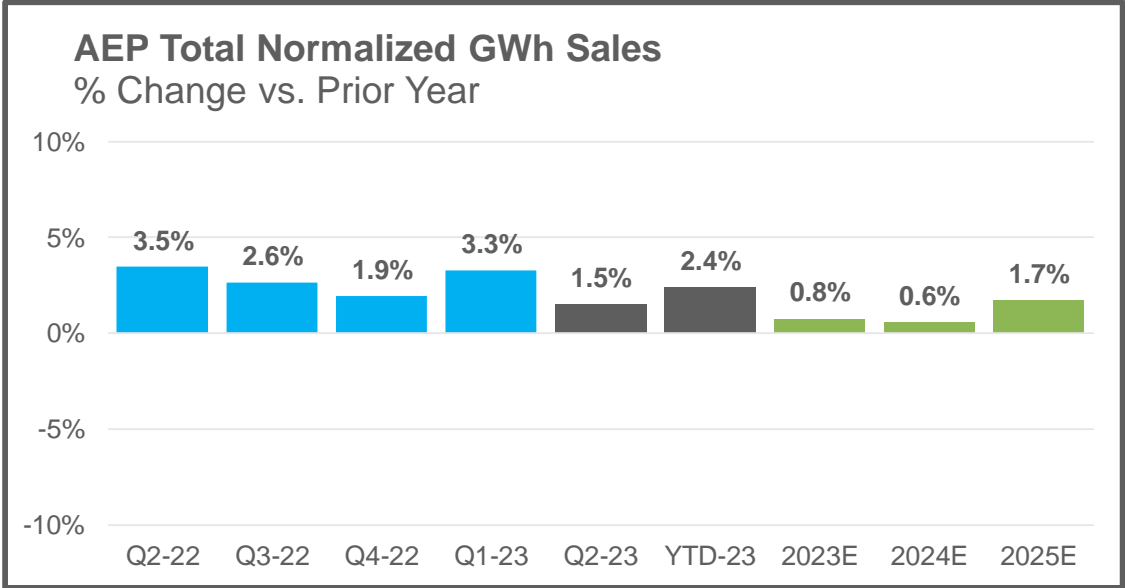
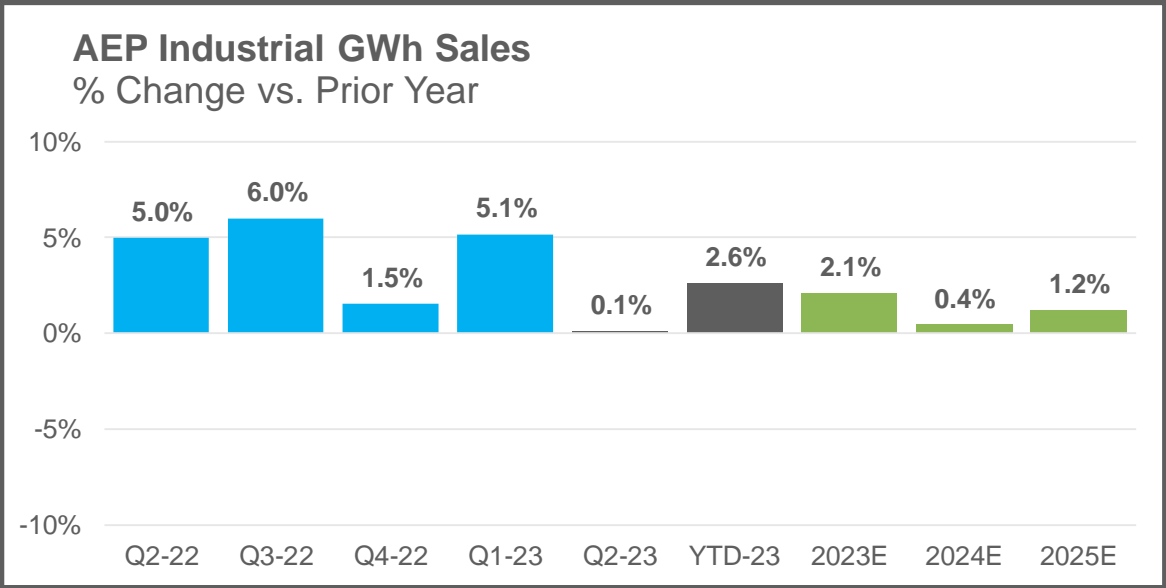
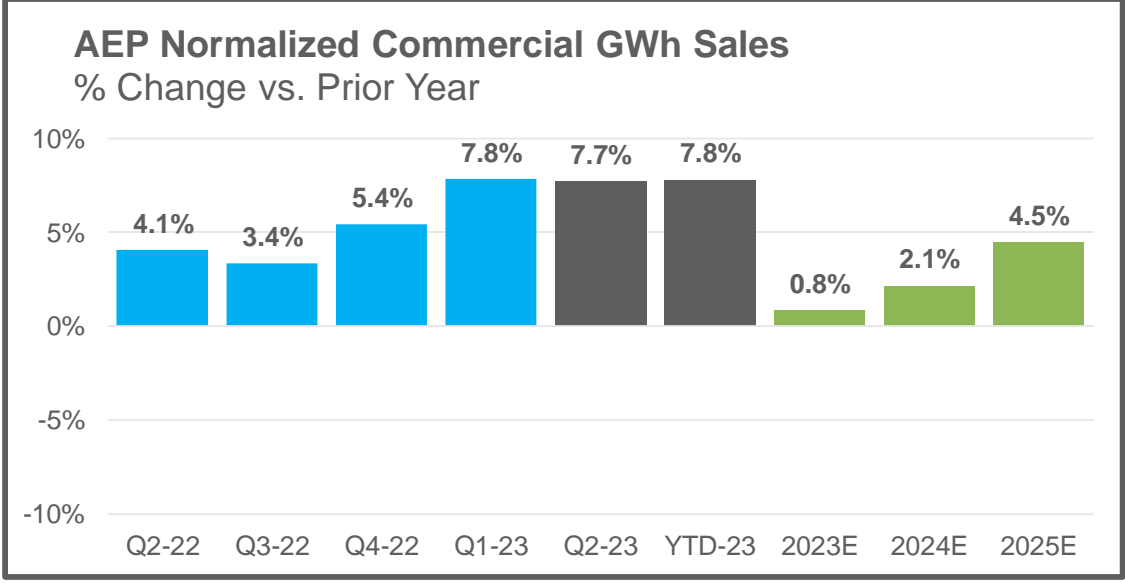
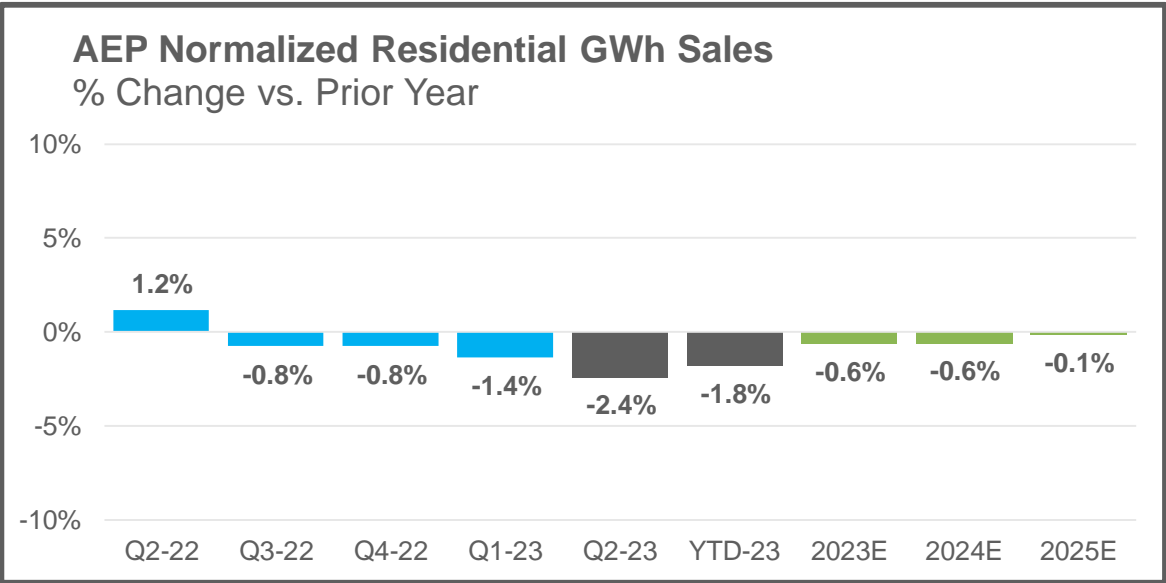
# Weather Normalized Billed Retail Load Trends

Load in AEP’s service territory remains strong, benefiting from economic development efforts

Load figures are billed retail sales excluding firm wholesale load.

2023 estimates based on forecast provided at 2022 EEI Financial Conference and adjusted to include Kentucky operations and reflect 2022 actual results.

2024 and 2025 full year estimates adjusted to include Kentucky operations.





## 2<sup>nd</sup> Quarter Capitalization and Liquidity

FFO/Debt target of 14%-15%;  
strong liquidity and pension  
funding status

<sup>1</sup> Represents the trailing 12 months as of 6/30/2023.

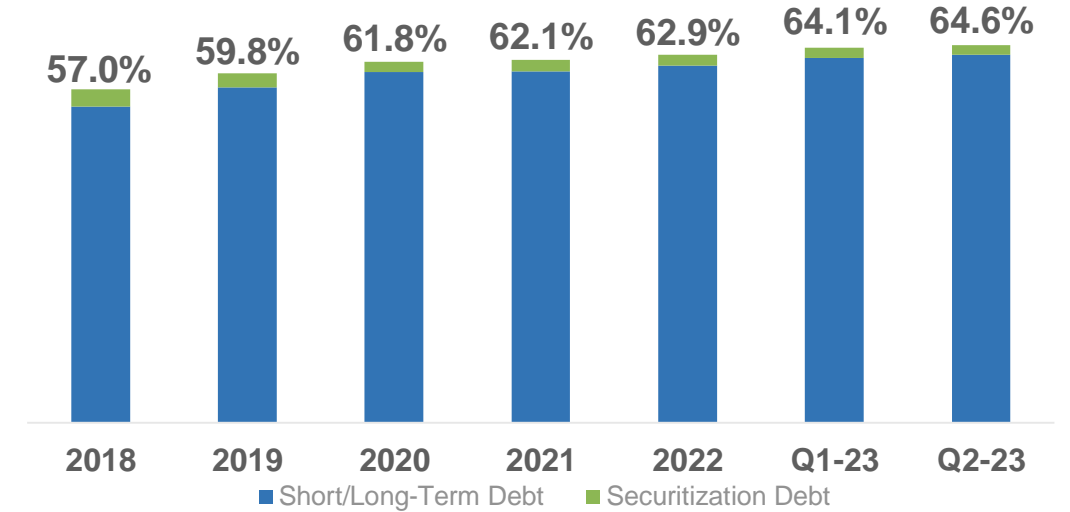
### Credit Statistics<sup>1</sup>

	Moody's	GAAP
FFO to Total Debt	11.1%	11.1%
Targeted Range	14.0%-15.0%	

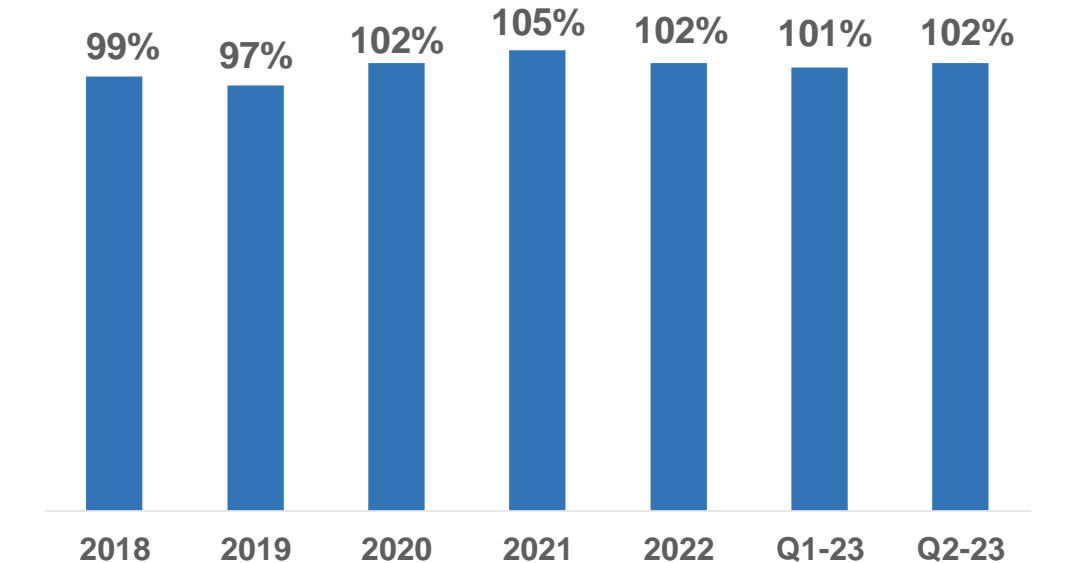
### Liquidity Summary

(\$ in millions)	6/30/2023 Actual	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2027
Revolving Credit Facility	1,000	March 2025
<b>Plus</b>		
Cash & Cash Equivalents	305	
<b>Less</b>		
Commercial Paper Outstanding	(2,239)	
<b>Net Available Liquidity</b>	<b>\$ 3,066</b>	

### Total Debt/Total Capitalization



### Qualified Pension Funding



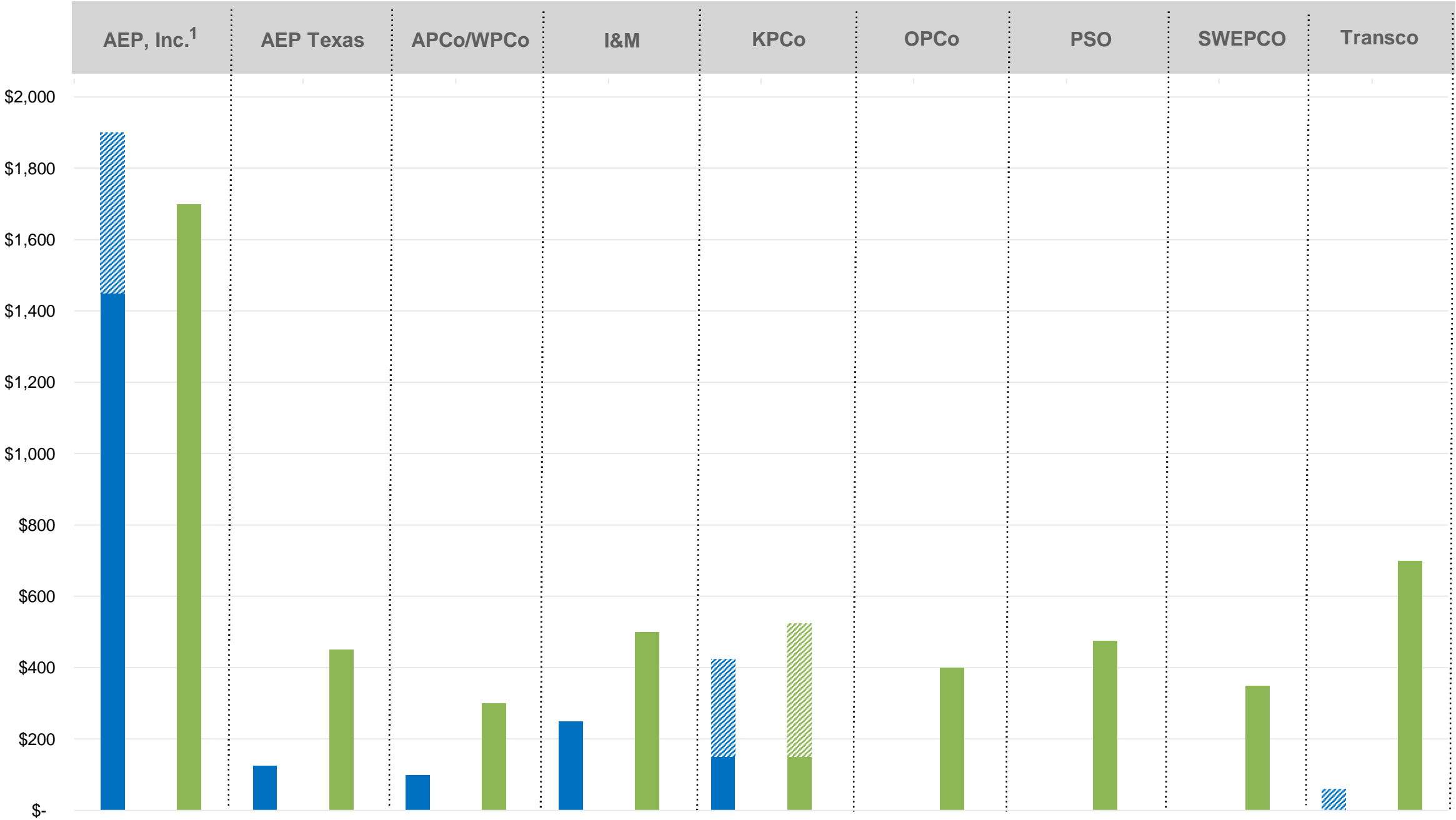


# 2023 Debt Issuances and Maturities Overview

<sup>1</sup> \$850M maturity and issuance are associated with the mandatory convertible remarketing.

Chart excludes pollution control bond remarketings, securitization bonds and nuclear fuel leases; no significant maturities and issuances are planned for AEG in 2023.

- 2023 Maturities Completed
- 2023 Maturities Remaining
- 2023 Issuances Completed
- 2023 Expected Issuances Remaining





# Credit Ratings

## Current ratings for AEP and subsidiaries

<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.

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 <sup>2</sup>	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	S	A-	S	A	S
Kentucky Power Company	Baa3	S	BBB	S	BBB+	S
AEP Ohio	Baa1	S	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



# Portfolio Management

Unregulated Contracted Renewables Sale Completed

Competitive Business Platform

Other Asset Sales and Strategic Review Announcements

Transmission Joint Venture Businesses





# Unregulated Contracted Renewables Sale Completed

## Transaction Description

- On 2/22/2023, AEP signed an agreement to sell 100% of equity of 1,365 MW unregulated contracted renewable assets containing 14 large-scale projects

## Buyer

- IRG Acquisition Holdings, consortium owned by Invenergy (20%), CDPQ (40%) and funds managed by Blackstone Infrastructure (40%)

## Purchase Price

- \$1.5B enterprise value / \$1.3B equity value

## Financial Impact

- The sale resulted in an after-tax GAAP loss of \$90M in Q1 2023

## Use of Proceeds

- \$1.2B cash proceeds after tax and transaction costs
- Proceeds directed to support regulated businesses

## Timing

- The sale was completed in August 2023

# Competitive Business Platform



## CUSTOMER CLASSES

- Residential
- Commercial
- Industrial
- Municipals
- Cooperatives

## RETAIL SERVICES (SALE IN PROCESS)



- Electric Sales
- Natural Gas Sales
- Demand Response Sales
- Sustainability Services

## DISTRIBUTED RESOURCES (SALE IN PROCESS)



- Solar
- Energy Storage
- Reciprocating Engines
- Fuel Cells
- Substations

## WHOLESALE SERVICES



- Electric Sales
- Renewable PPA Sourcing
- Congestion Management
- RTO Services
- Portfolio Optimization



## Other Asset Sales and Strategic Review

### Sell New Mexico Renewable Development (NMRD), a joint venture solar portfolio

- A 50/50 joint venture partnership with PNM Resources consisting of 8 operating projects of 135 MW, 1 project under construction of 50 MW, 6 development projects of 440 MW, all located in New Mexico
- Book value of AEP's investment as of 6/30/2023 was \$106M
- Assets contribute \$0.01 EPS in 2023 operating earnings guidance
- Advisor hired; sale launched in June 2023 and expected sale agreement to be announced early in Q4 2023 with transaction close by the end of 2023

### Sell Retail and Distributed Resources businesses (not including NMRD)

- Book value of AEP's investment as of 6/30/2023: \$205M Retail and \$354M Distributed Resources
- Asset EPS contributions in 2023 operating guidance: \$0.04 Retail and \$0.02 Distributed Resources
- Advisor hired; sale launched in August 2023 and expected sale agreement to be announced in Q1 2024 with transaction close in the first half of 2024

### Sell Prairie Wind and Pioneer non-core transmission joint ventures

- Sell Prairie Wind Transmission and Pioneer Transmission
- As of 6/30/2023, AEP's portion of PP&E was \$123M and rate base was \$107M
- Assets contribute \$0.02 EPS in 2023 operating earnings guidance
- Advisor hired, expect to launch the sale process Q4 2023 with transaction close in 2024

### Continue strategic review of Transource non-core transmission joint venture

- Complete strategic review of Transource Energy by end of 2023
- As of 6/30/2023, AEP's portion of PP&E was \$430M and rate base was \$348M
- Assets contribute \$0.03 EPS in 2023 operating earnings guidance

De-risk and simplify the business profile through active management



# Transmission Joint Venture Businesses

In 2023 operating earnings guidance, Prairie Wind and Pioneer contribute \$0.02 EPS and Transource contributes \$0.03 EPS

As of 6/30/2023, AEP's portion of rate base for Prairie Wind and Pioneer was \$107M; Transource was \$348M

<sup>1</sup> The Independence Energy Connection transmission project was approved by the Maryland commission and rejected by the Pennsylvania commission; federal litigation is currently pending. The project received the abandonment incentive from FERC.

Project Name	Location	Owners	AEP's Portion of Net Plant as of 6/30/2023	AEP's Portion of Rate Base as of 6/30/2023	Base ROE	RTO Adder	Project Risk ROE	Total Authorized ROE
ETT	Texas (ERCOT)	BHE (50%), AEP (50%)	\$1,766M	\$1,418M	9.60%	0.00%	0.00%	9.60%
Prairie Wind <i>(Sale in Process)</i>	Kansas	Evergy, Inc. (50%), BHE (25%), AEP (25%)	\$ 32M	\$25M	10.80%	0.50%	1.50%	12.80%
Pioneer Project <i>(Sale in Process)</i>	Indiana	Duke Energy (50%), AEP (50%)	\$ 91M	\$82M	10.02%	0.50%	0.00%	10.52%
Transource-Iatan-Nashua <i>(Under Strategic Review)</i>	Missouri	AEP (86.5%), Evergy, Inc. (13.5%)	\$ 53M	\$41M	9.80%	0.50%	0.00%	10.30%
Transource-Nebraska-Sibley <i>(Under Strategic Review)</i>	Missouri	AEP (86.5%), Evergy, Inc. (13.5%)	\$ 196M	\$154M	9.80%	0.50%	1.00%	11.30%
Transource-WV <i>(Under Strategic Review)</i>	West Virginia	AEP (86.5%), Evergy, Inc. (13.5%)	\$ 70M	\$65M	10.00%	0.50%	0.00%	10.50%
Transource-Sooner-Wekiwa <i>(Under Strategic Review)</i>	Oklahoma	AEP (86.5%), Evergy, Inc. (13.5%)	\$ 21M	-	9.80%	0.50%	NA	10.30%
Transource-PA & MD <sup>1</sup> <i>(Under Strategic Review)</i>	Pennsylvania & Maryland	AEP (86.5%), Evergy, Inc. (13.5%)	\$ 90M	\$88M	9.90%	0.50%	0.00%	10.40%



# Environmental, Social and Governance (ESG)

Commitment to ESG

Proven Track Record of Reducing Fleet Emissions

Coal Fleet Transition

Transforming Our Generation Fleet

Committed to Being a Top ESG Employer



# Commitment to ESG

## ENVIRONMENTAL

- Accelerated CO<sub>2</sub> emission goals: 80% reduction by 2030 off a new 2005 baseline and accelerated net-zero goal by 2045
- 47% reduction in coal capacity as a percent of total capacity by 2032
- 2022 coal capacity = 12.2% of rate base; 2022 coal revenue = 10.5% of total revenue
- Clean energy transition tied to long-term incentive compensation

## SOCIAL

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



## GOVERNANCE

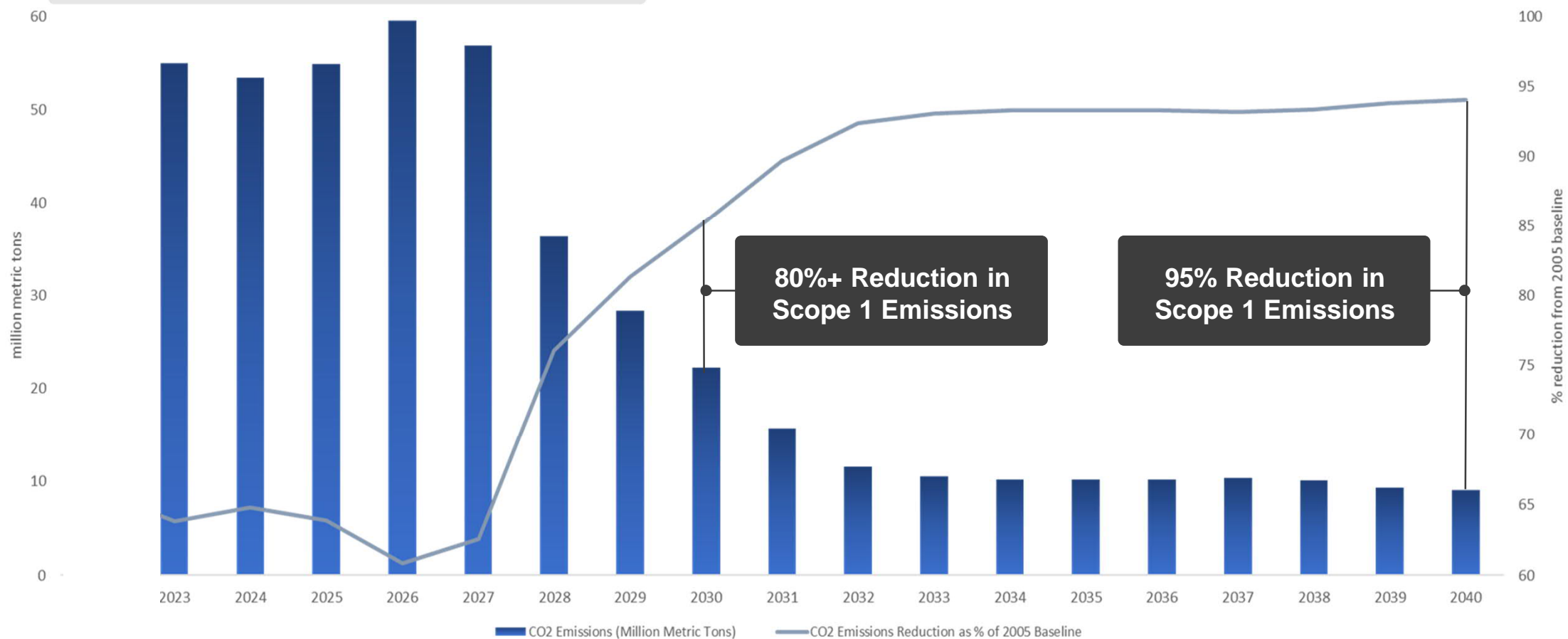
- 13 Board of Directors, 11 independent directors<sup>1</sup>
- 62% Board diversity
- Average Board tenure of 6 years
- Annual shareholder engagement on strategy and ESG matters with lead independent director participation
- Environmental reports provided at every Board meeting



<sup>1</sup> Effective 10/2/2023, Julie Sloat will become Chair of the Board replacing Nick Akins who will be retiring; the Board will reduce in size to 12 from 13 directors.

# Proven Track Record of Reducing Fleet Emissions

Forecasted CO<sub>2</sub> Emissions (Scope 1)



Projections based upon filed Integrated Resource Plans current as of 12/31/2022 for regulated companies and also assumes an extension of the Cook nuclear power plant through the forecast period. Ability to meet the transition timeline is dependent upon market availability of resources, regulatory approvals, transmission system availability, etc.

**66%**

Reduction in CO<sub>2</sub> emissions from 152M metric tons in 2005 to 51M metric tons in 2022

**98%**

Reduction in SO<sub>2</sub> emissions between 1990-2022

**95%**

Reduction in NO<sub>x</sub> emissions between 1990-2022

**98%**

Reduction in mercury air emissions from 2001-2022



# Continuing to Advance Our Coal Fleet Transition

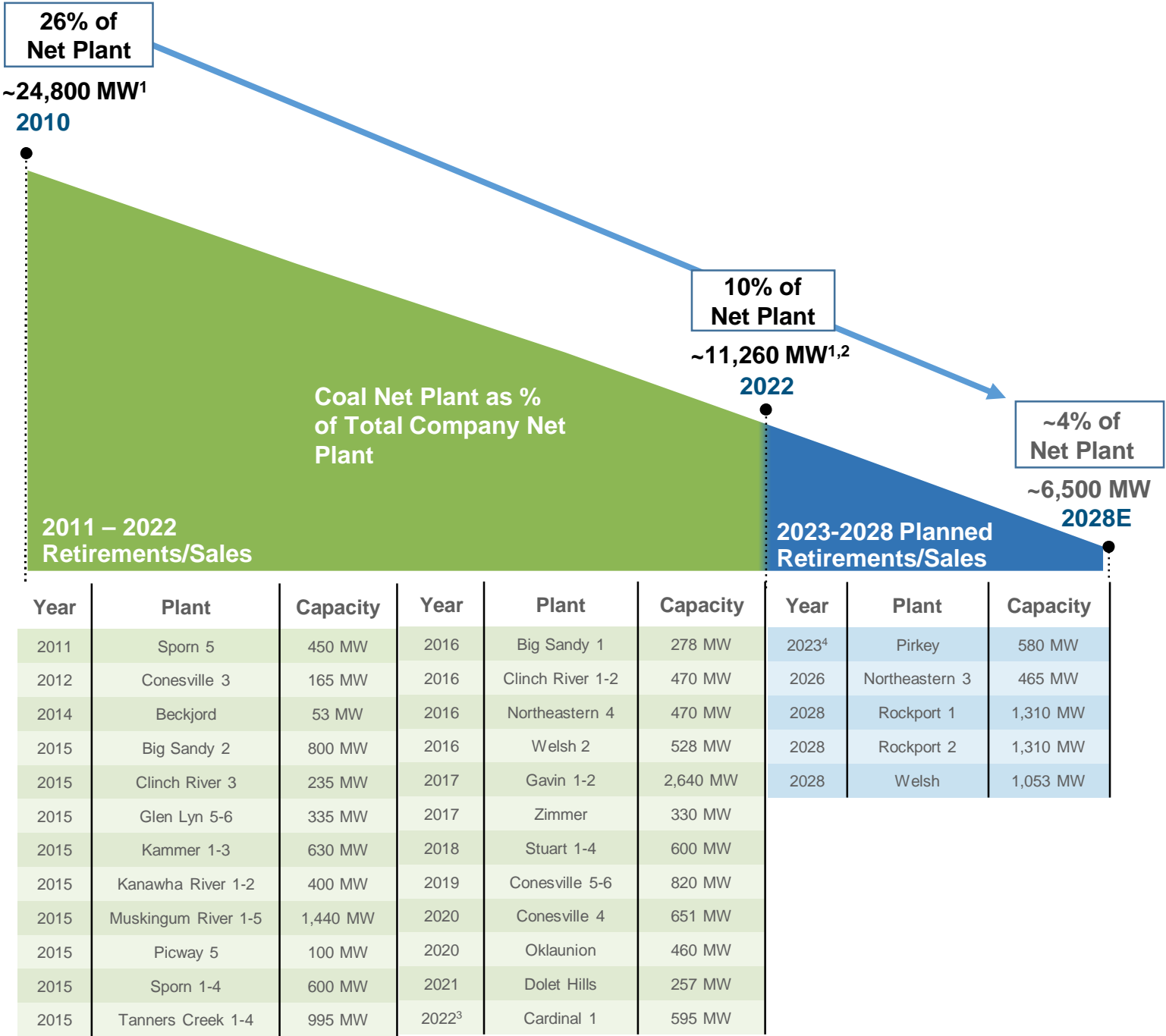
Coal-fired generation retirements pave the way for ~17 GW of new generation opportunities over the next ten years

<sup>1</sup> Total includes owned coal units and Rockport 2; excludes AEP's investment in OVEC.

<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 completed in August 2022.

<sup>4</sup> In March 2023, AEP retired SWEPCO's 580 MW Pirkey coal plant.



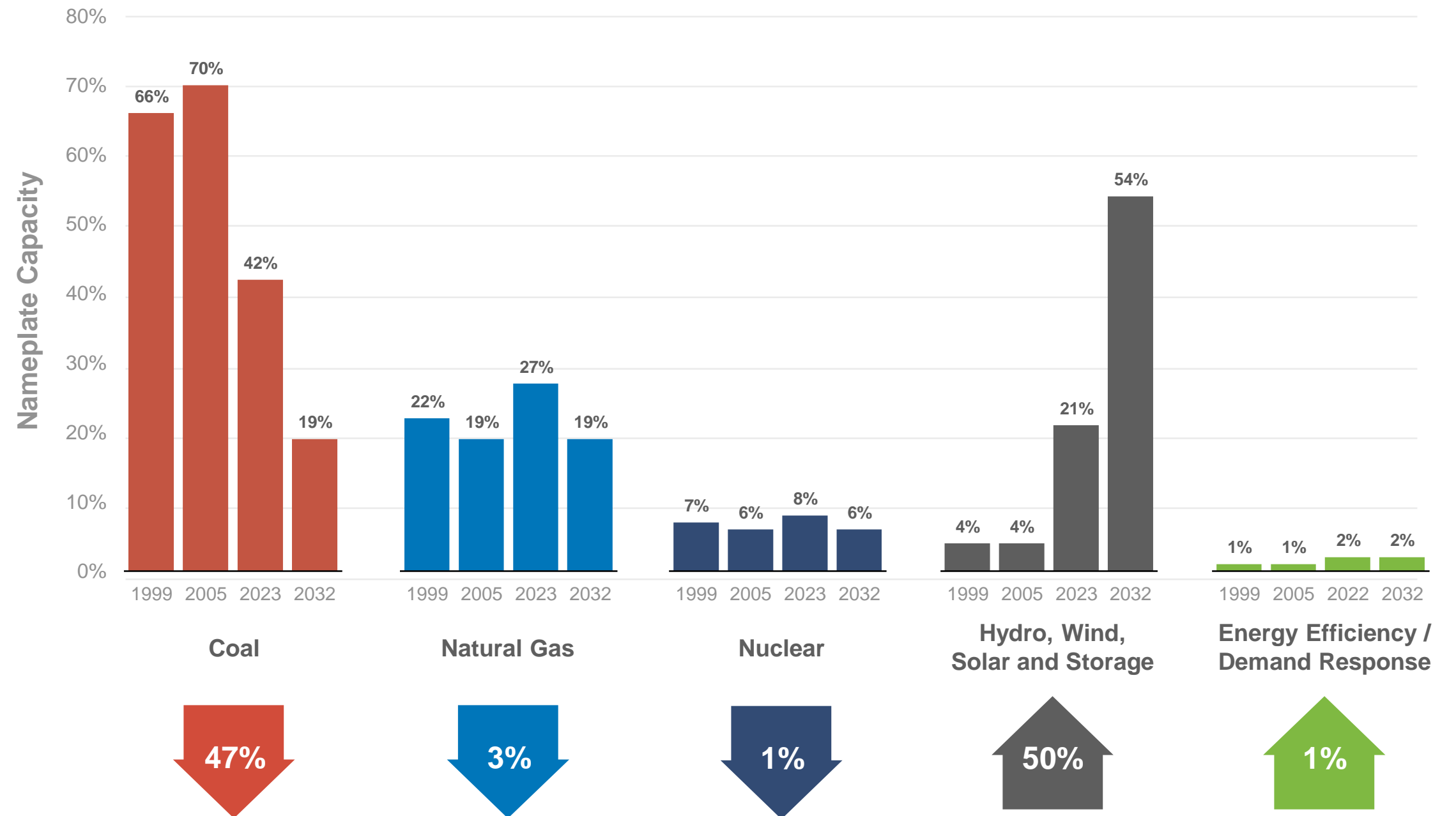
# Transforming Our Generation Fleet

2023 data as of 6/30/2023; 2023 and 2032 data adjusted to include the sale of unregulated contracted renewable assets completed in August 2023.

2032 coal capacity includes WV's Amos, Mountaineer and Mitchell plants as well as SWEPCO's Turk and Flint Creek plants.

2032 Hydro, Wind, Solar and Storage capacity includes pending sale of the distributed resources business. Excluding capacity from this business would not materially change the 2032 projected capacity mix.

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





# Committed to Being a Top ESG Employer

Building an inclusive and  
high performing culture



Recognizes companies that set  
the standard in commitment to  
their stakeholders



Recognizes employers  
for creating an inclusive  
work environment that  
supports women



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

## Other Awards / Recognitions

- American Opportunity Index
- Investor Business Daily's Best ESG Companies
- JUST Capital's Top 100 U.S. Companies Supporting Healthy Communities and Families
- JUST Capital's Top 100 U.S. Companies for Workforce Equity and Mobility
- Forbes America's Best Employers
- Forbes America's Best Employers for Women
- Forbes America's Best Employers for New Grads
- Fortune's World's Most Admired Companies
- Newsweek's Most Responsible Companies
- Site Selection Magazine's Top Utilities for Economic Development
- U.S. News & World Report Best Companies to Work For



Recognizes companies that  
demonstrated diversity-related  
best practices



# Regulated Investments

**Regulated Capital Investment Strategy**

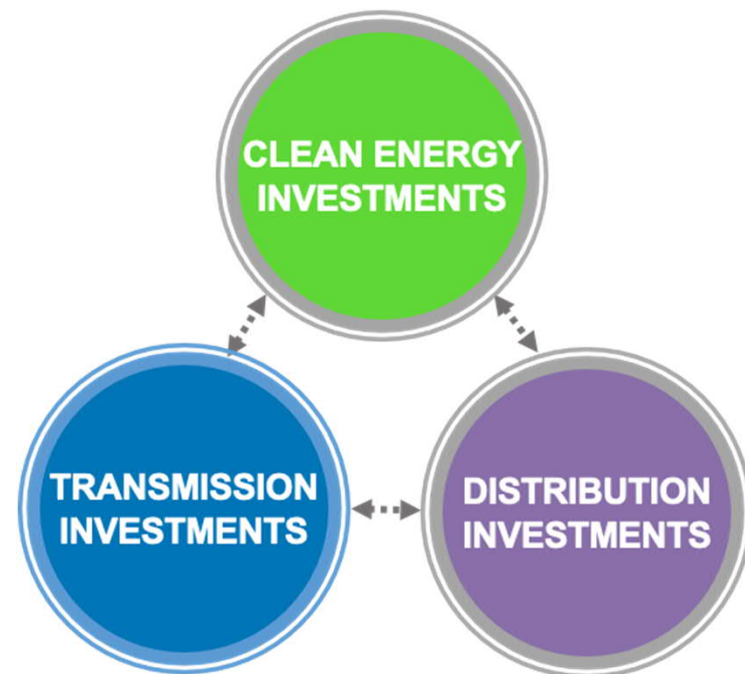
**Transmission**

**Distribution**

**Regulated New Generation**



# Linking Investments to Outcomes: Regulated Capital Investment Strategy



## KEY INVESTMENT STRATEGIES

- **Transform our electric generation fleet** to drive down costs to customers and achieve our climate goals
- **Develop a modern and secure electric transmission grid** to bolster system reliability, enhance market efficiency and integrate new generation resources
- **Modernize the electric distribution system** to enhance reliability, accommodate changing resources, loads, advanced technologies and increase customer satisfaction
- Work with regulators, policymakers, and key stakeholders to **ensure a durable and sustainable transition to a clean energy economy** by balancing decarbonization goals and timelines with system reliability, resiliency, security and affordability

**Our flexible and robust capital plan is designed to meet our customer needs and provide the ability to strategically shift capital to deliver on our 6-7% EPS growth commitment**

## 2023-2027 CAPITAL INVESTMENT

**\$15.0B**

### TRANSMISSION

Transmission Investment in Current 5-year Capital Plan

**\$10.8B**

### DISTRIBUTION

Distribution Investment in Current 5-year Capital Plan

**\$8.6B**

### REGULATED RENEWABLES

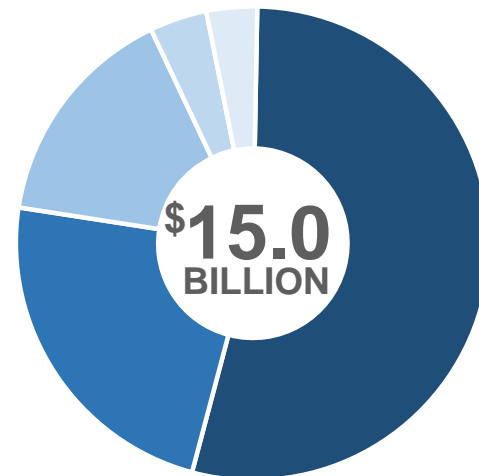
Regulated Renewable Investment in Current 5-year Capital Plan

We have developed a significant pipeline of organic growth opportunities beyond the investments included in our 5-year capital plan

# Transmission Organic Growth Opportunity

AEP has a long runway of organic transmission investment opportunities focused on improving system performance, increasing reliability and resiliency, and enhancing market efficiency

2023-2027 CAPEX



## DRIVERS

### ASSET REPLACEMENT

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

### LOCAL RELIABILITY

Multi-driver projects on the local network addressing reliability and customer concerns

### RTO DRIVEN

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

### TELECOM / TECHNOLOGY

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

### CUSTOMER SERVICE

Upgrades to connect new customers and enhanced service requests; facilitates local economic development

## TRANSMISSION PIPELINE

### Large-scale and Growing Pipeline

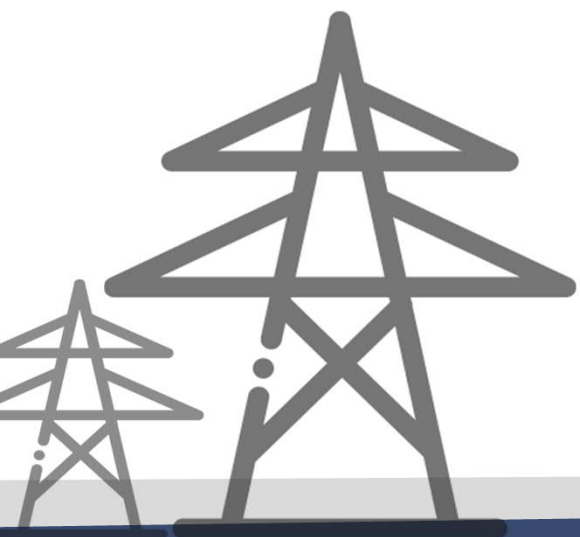
We have a **transmission investment pipeline of over \$35B** in various phases of development over the next 10 years (inclusive of current 5-year capital plan)

### Capital Flexibility

Additional investments in the pipeline are currently being planned to ensure long-term capital investment flexibility

### Future Growth Drivers

Integration of renewable resources, fossil-fuel generation retirements, regional reliability, inter-regional projects, customer interconnections, positive policy changes that influence inter-regional expansion and cost allocation





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

Asset renewal projects are prioritized based on performance, condition and risk

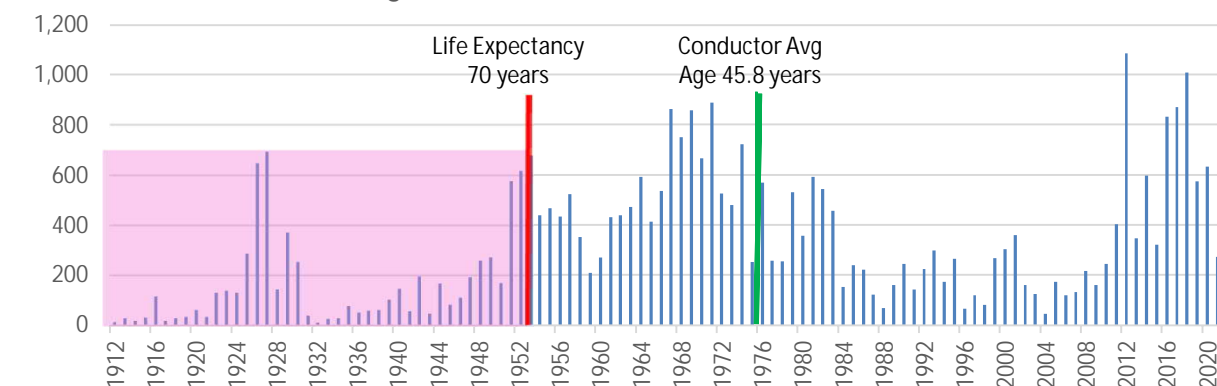
AEP Transmission Assets	Line Miles	Transformers	Circuit Breakers
Life Expectancy (Years)	70	60	50
Current Quantity Over Life Expectancy	6,263	191	726
Quantity That Will Exceed Life Expectancy in Next 10 Years	4,154	151	281
Total Replacement Need Over Next 10 Years	10,417	342	1,007
% of AEP System	31%	29%	11%

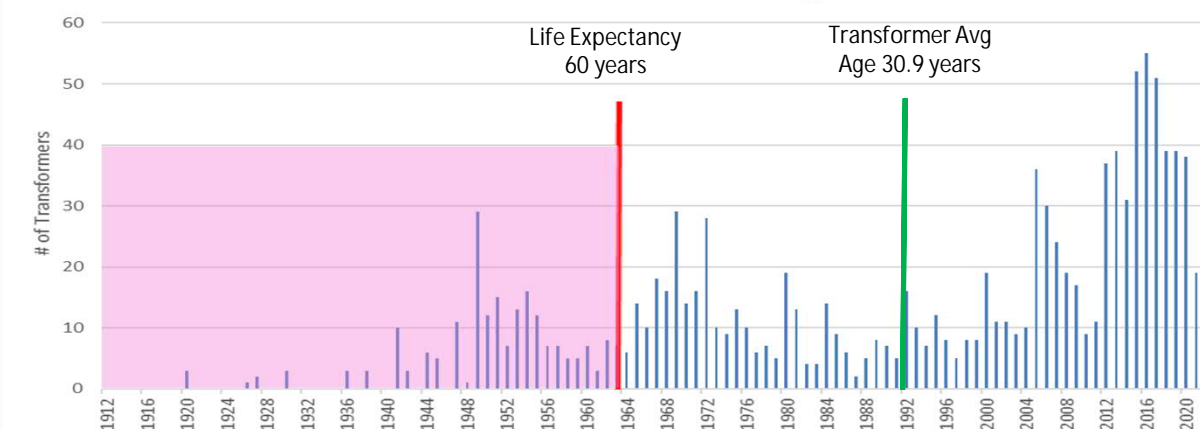
Average Age (years)	Line Miles	Transformers	Circuit Breakers
2016 Year-End	52.5	36.1	22.9
End 2022 2 <sup>nd</sup> Quarter	45.8	30.9	16.3

\$3B of annual on-system capital investment is required to replace and enhance all asset beyond life expectancy over the next 10 years

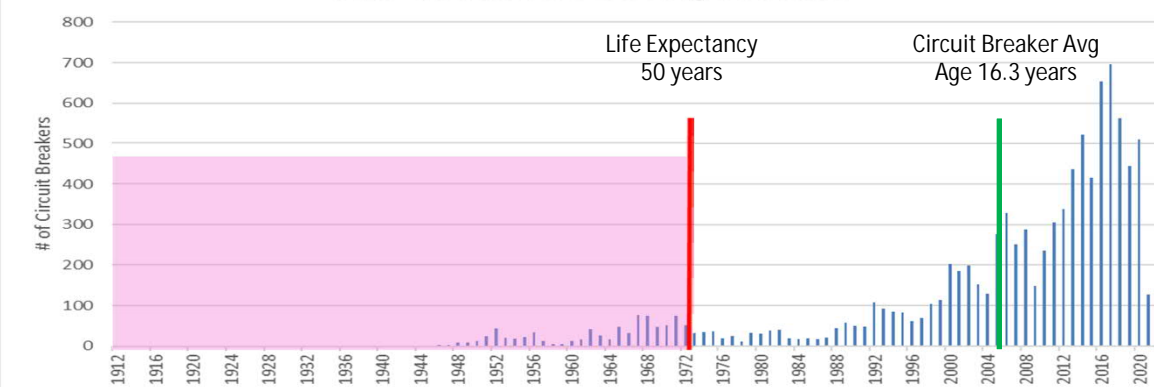
AEP T-Line Age Profile - (Line Mile Age based on oldest conductor age)



AEP Transmission Transformer Age Profile



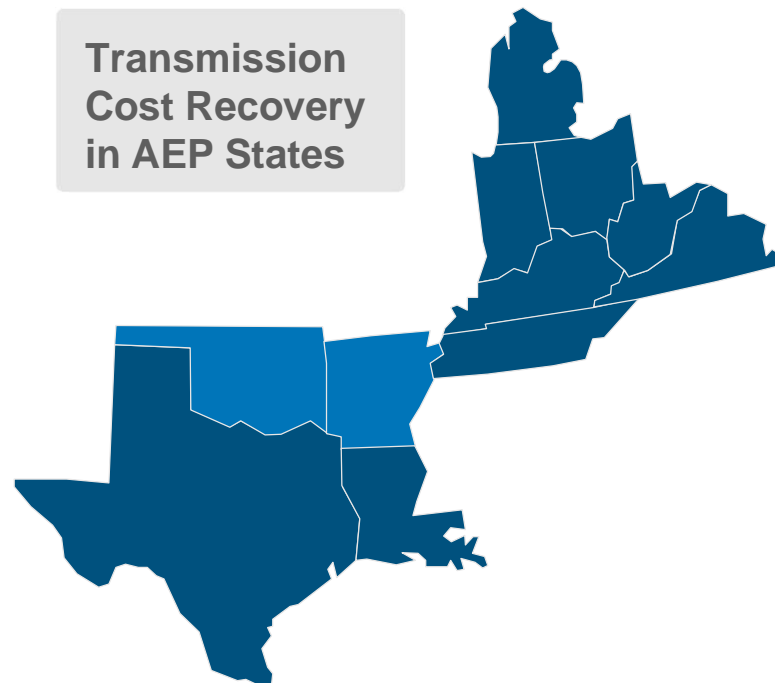
AEP Circuit Breaker Age Profile



Beyond Life Expectancy Range

# Stable and Efficient Transmission Investment Recovery

Transmission Cost Recovery in AEP States



- Full tracker or rider recovery
- Partial tracker or rider recovery



ROE	9.85% Base <sup>1</sup> + 0.50% RTO adder	10.0% Base + 0.50% RTO adder	9.4%
Forward Looking Rates	Yes	Yes	Capital updates allowed 2x per year (not forward looking)
Equity Layer	Capped at 55%	No Cap	Capped at 42.5%
Rate Approval Date	May 2019	June 2019	April 2020

<sup>1</sup> AEP Ohio Transmission, represents base ROE only.

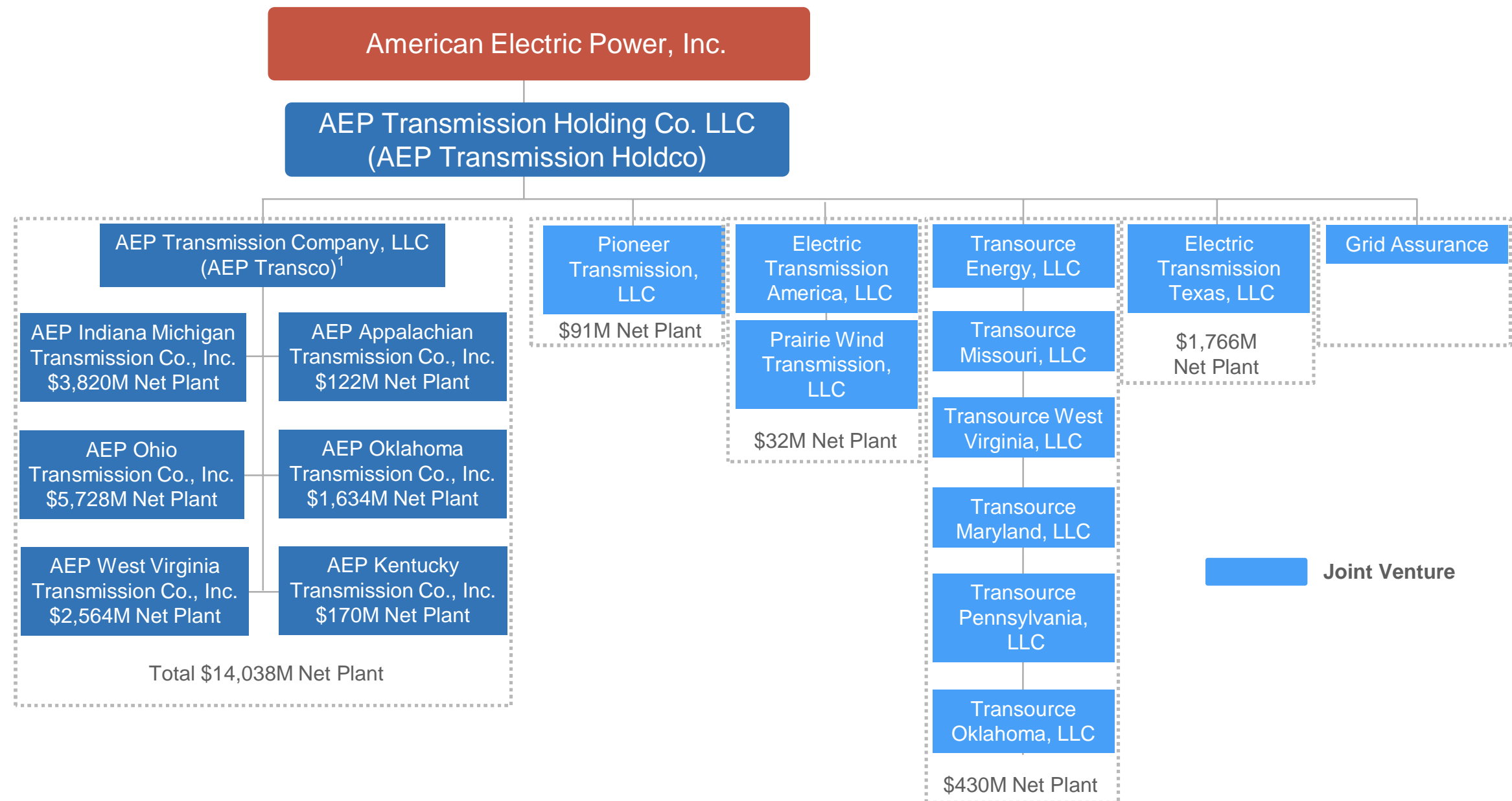
<sup>2</sup> Table data for ERCOT reflects AEP Texas subsidiary; AEP's ETT joint venture in ERCOT has 9.6% ROE, 40% equity layer with rate approved in January 2021.

~95% of transmission capital investment is recovered through state tracker/rider mechanisms

# 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.



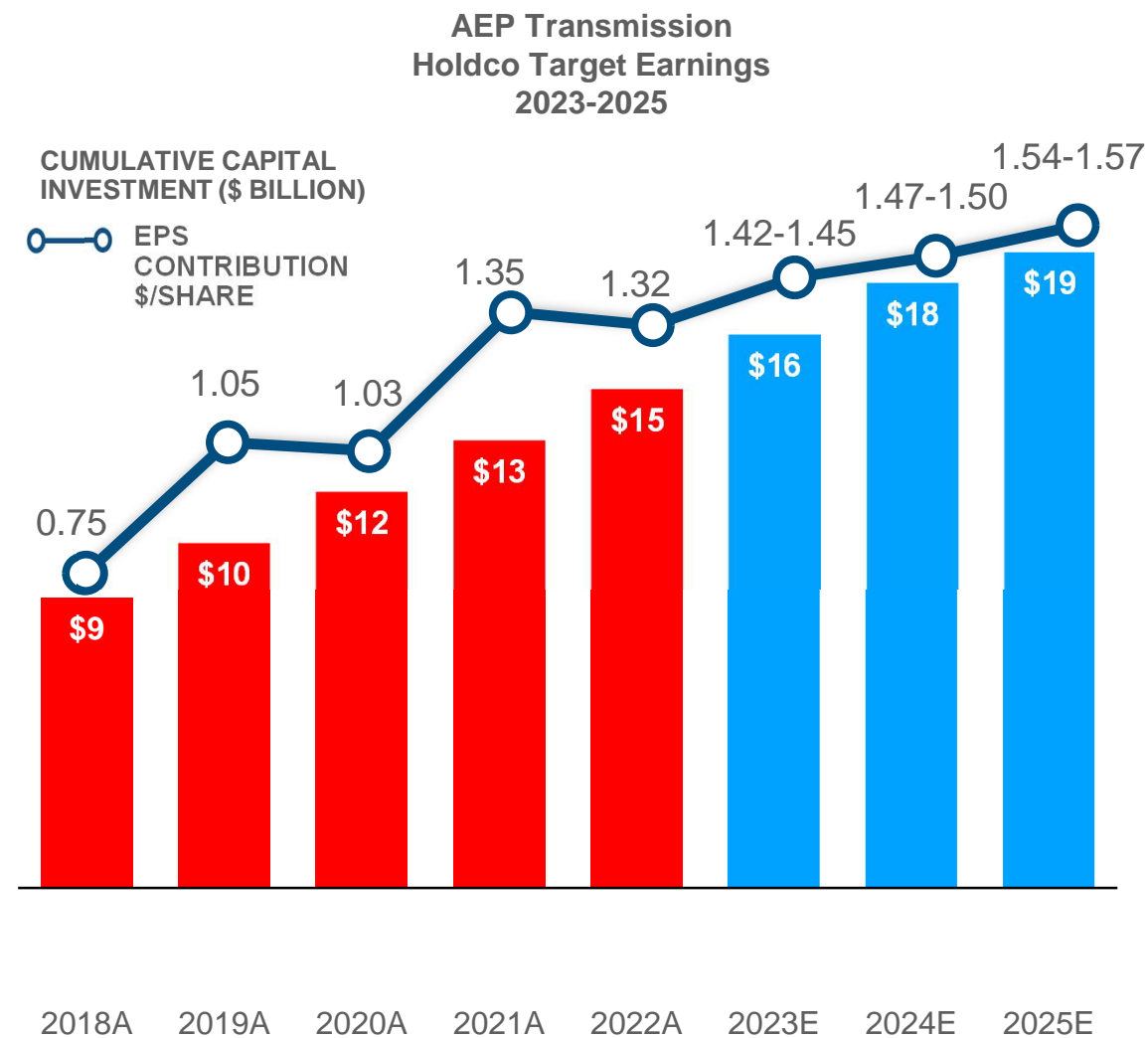
Joint Venture net plant balances reflect AEP's portion.

Net plant totals as of 6/30/2023.

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

# AEP Transmission Holdco Delivering Significant Customer and Shareholder Value

## Shareholder Benefits



Data adjusted to include Kentucky-related earnings.

## 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

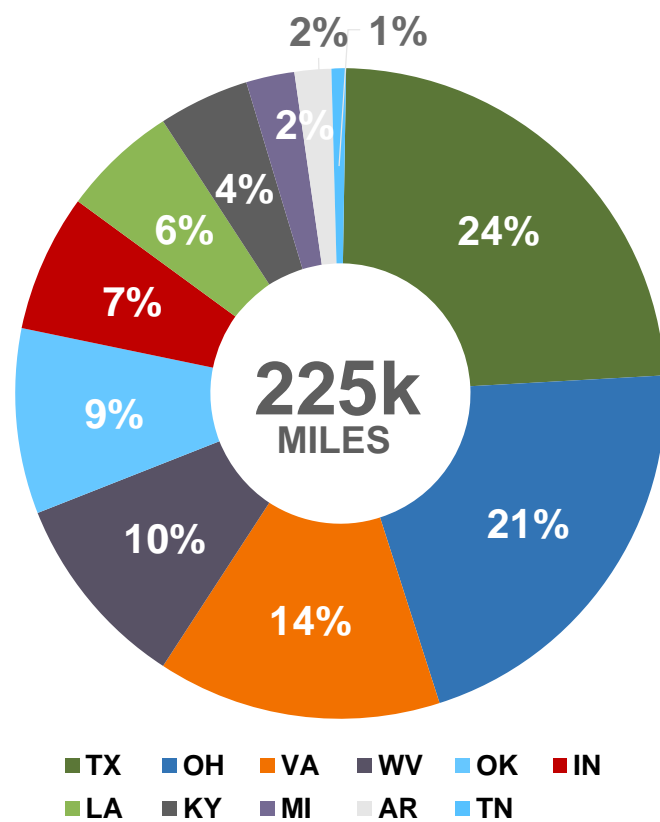
### Improving reliability and security

Keeping the economy productive and connected by powering communication 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 and economic stimulus

# Transforming the Distribution Grid



## INVESTING IN THE DISTRIBUTION GRID OF THE FUTURE

Improve Reliability and Resiliency through Broad Asset Renewal and Reliability Investments

Significantly Enhance Reliability Performance Across All Operating Companies

Accelerate Service Delivery to All Customers through Enhanced Capacity Investments

Enable Economic Development, Electrification and Decarbonization Across Our Customer Base

Expand Operational Flexibility and Visibility through Targeted Telecommunications, Monitoring and Automation Investments

Enable a Seamless 2-way Exchange of Information and Energy and Optimize Operations for All Customers

**AEP's distribution system is among the largest distribution systems in the U.S.**

## AEP DISTRIBUTION SYSTEM AT A GLANCE:

**~225k**  
CIRCUIT MILES<sup>1,2</sup>

**2,400+**  
DISTRIBUTION  
SUBSTATIONS<sup>2</sup>

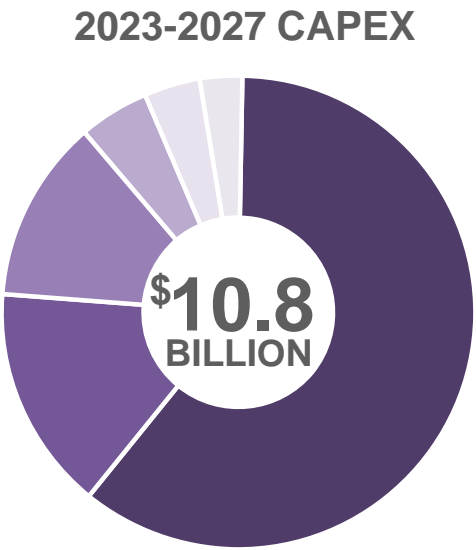
**\$10.8B**  
5-YEAR CAPEX  
(2023-2027)

<sup>1</sup> Includes approximately 36,400 miles of underground circuits.

<sup>2</sup> As of year-end 2022.

# Distribution Organic Growth Opportunity

AEP’s expansive, aged distribution system provides significant opportunity for investment and we are developing a portfolio of projects to address system needs and ramping-up our capabilities to execute these projects



DRIVERS

CAPACITY EXPANSION, RELIABILITY AND MODERNIZATION	CUSTOMER REQUESTS	AUTOMATION AND TECHNOLOGY	RESTORATION AND SPARING	ADVANCED METERING (AMI)	RURAL BROADBAND
<i>Asset renewal and reliability investments including pole, conductor, cutout, station transformer and breaker replacements and capacity additions</i>	<i>Investments for new service, upgrades, relocation</i>	<i>Implementation of automated technology including distribution supervisory control and data acquisition, smart switches and reclosers, volt-var optimization and sensors</i>	<i>Storm restoration and spare equipment</i>	<i>Advanced metering technology for the remaining AEP customers</i>	<i>Investment in fiber assets to provide middle mile broadband to rural communities and for company use</i>

DISTRIBUTION PIPELINE

## Robust Pipeline Under Development

Significant capital investment opportunity over the next 10-years to renew the distribution system, improve reliability and resilience, and expand operational capabilities

## Capital Flexibility

Additional investments in the pipeline are currently being planned to ensure long-term capital investment flexibility

## Future Growth Drivers

Electrification and higher penetration levels of distributed resources will drive additional distribution investment opportunities



# Resource Plans Are Aligned with Climate Goals

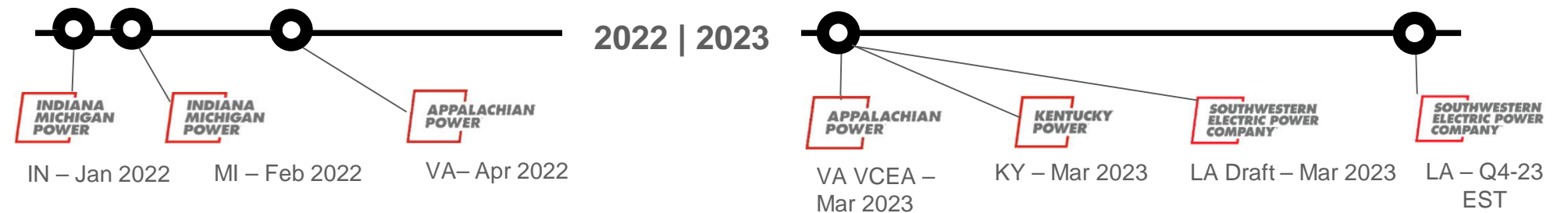
Current IRPs identify a significant need for new clean energy resources over the next 10 years

<sup>1</sup> Resource additions are from Integrated Resource Plans (IRP) filings.

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

<sup>3</sup> Natural gas additions are peaking units and fuel switching that are primarily selected for capacity (i.e., expected low capacity factors).

## IRP FILINGS



## 10-YEAR RESOURCE NEEDS

GENERATION ADDITIONS 2023-2032 (MW) <sup>1,2</sup>	SOLAR	WIND	STORAGE	NAT. GAS <sup>3</sup>	TOTAL
APCo	1,020	1,154	250	-	2,424
I&M	1,300	800	315	750	3,165
PSO	2,550	2,800	-	-	5,350
SWEPCO	3,300	2,450	-	528	6,278
<b>TOTAL</b>	<b>8,170</b>	<b>7,204</b>	<b>565</b>	<b>1,278</b>	<b>17,217</b>

**1.5 GW**  
North Central Wind  
In-Service



**~17 GW**  
2023-2032



**~18.5 GW**  
New Generation Opportunity  
Over Next 10-years



TRANSMISSION

DISTRIBUTION

REGULATED NEW GENERATION

# Regulated New Generation Regulatory Status

Approved projects total \$5.6B;  
projects pending commission  
approval total \$1.2B

<sup>1</sup> The project approval also included PPAs for seven solar facilities for a total of 204 MW.

<sup>2</sup> I&M also seeks regulatory approval of PPAs for two solar facilities for a total of 280 MW. The PPAs were approved by Michigan in August 2023 and pending Indiana order expected in October 2023.

<sup>3</sup> The selected owned facilities were denied by Texas in May 2023.

Approved projects may be impacted by market conditions during development. Additional RFP issuances are expected in the near term consistent with the IRPs for energy and capacity needs.



Total Investment	Resource	Project	MWs	In Service/ Acquisition Date	Jurisdictional Status
209 MW / ~\$500M	Solar	Amherst / Virginia	5	Q2-23	Projects <u>Approved</u> July 2022 Docket # PUR-2021-00206
	Wind	Top Hat / Illinois	204	Q3-25	
143 MW / ~\$426M <sup>1</sup>	Wind	Grover Hill / Ohio	143	Q4-25	Project <u>Approved</u> September 2023 Docket # PUR-2023-00001
469 MW / ~\$1.0B <sup>2</sup>	Solar	Lake Trout / Indiana	245	Q2-26	Indiana Order Expected October 2023 Docket # 45868  Michigan Orders Docket # U-21189 Mayapple <u>Approved</u> August 2023 Docket # U-21377 Lake Trout Expected Q1 2024
	Solar	Mayapple / Indiana	224	Q2-26	
999 MW / ~\$2.2B <sup>3</sup>	Solar	Mooringsport / Louisiana	200	Q4-25	Projects <u>Approved</u> June 2023 Arkansas Docket # 22-019-U Louisiana Docket # U-36385
	Wind	Diversion / Texas	201	Q4-24	
	Wind	Wagon Wheel / Oklahoma	598	Q4-25	
995.5 MW / ~\$2.5B	Solar	Algodon / Texas	150	Q4-25	Projects <u>Approved</u> May 2023 Docket # 2022-000121
	Solar	Chisholm Trail / Kansas	103.5	Q4-25	
	Solar	Pixley / Kansas	189	Q2-25	
	Wind	Flat Ridge IV / Kansas	135	Q4-25	
	Wind	Flat Ridge V / Kansas	153	Q4-25	
	Wind	Lazbuddie / Texas	265	Q2-25	
154 MW / ~\$150M	Wind	Rock Falls / Oklahoma	154	Q1-23	Oklahoma Order Expected October 2023 Docket # PUD 2022-000093



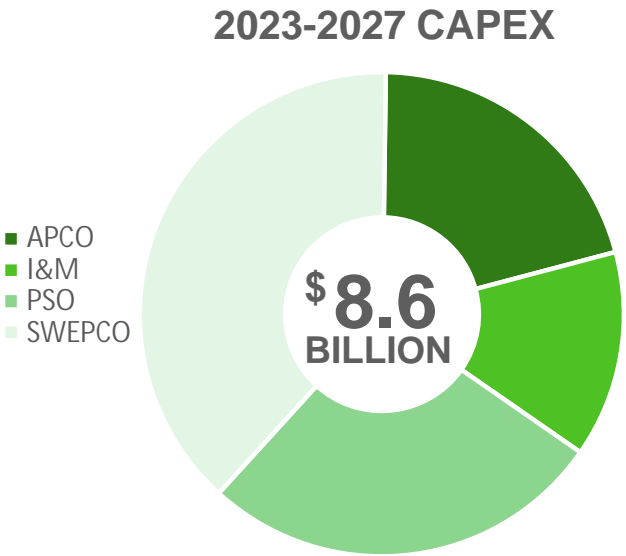
# Regulated New Generation Investment Growth

Continuing execution on  
the \$8.6B regulated  
renewables investment  
over the next five years

RFPs  
IN PROGRESS<sup>1</sup>



RFP Issued	April 2023	March 2023 <sup>2</sup>
Wind	600 MW	800 MW
Solar		850 MW
Storage	-	315 MW
Natural Gas	-	540 MW
Reg. Filings and Approvals	Q2-24 – Q4-24	Q1-24 – Q2-25
Projected In-service Dates	YE26	YE27



## REGULATED GENERATION PIPELINE

### ~17 GW Pipeline

Long-term investment  
potential beyond current  
5-year plan

### Capital Flexibility

Investments contingent upon markets and  
regulatory approvals and are backed-up  
by a flexible pipeline of T&D investments

### Growth Drivers

Generation needs coupled with new federal  
legislation support our clean energy goals  
and extend our investment runway

<sup>1</sup> RFPs represent up-to MW capacity values; related regulatory filings will take into consideration commission preferences.

<sup>2</sup> RFP is an all-source solicitation seeking proposals for both owned and PPAs from various types of generation.



# Regulatory Initiatives

Current Rate Case Activity

Actively Managing Fuel Cost Impacts

Actions to Close the ROE Gap

Review of Multi-jurisdictional Regulatory Constructs

Economic Development Project Highlights

Recent AEP Reshoring Successes



# Current Rate Case Activity

Continued focus on  
regulatory execution



## APCo – Virginia

Docket #	PUR-2023-00002
Filing Date	3/31/2023
Requested Rate Base	\$2.9B
Requested ROE	10.6%
Cap Structure	51.7%D / 48.3%E
Gross Revenue Increase	\$213M (Less \$53M D&A)
Net Revenue Increase	\$160M
Test Year	12/31/2022
<u>Settlement Summary</u>	Pending Commission Approval
Settlement Filed	8/22/2023
Expected Commission Order	Q4-2023
Expected Effective Date	January 2024
ROE	9.5%
Cap Structure	51%D / 49%E
Gross Revenue Increase	\$127M
Net Revenue Increase	\$86M



## I&M – Indiana

Docket #	45933
Filing Date	8/9/2023
Requested Rate Base	\$5.4B
Requested ROE	10.5%
Cap Structure	48.8%D / 51.2%E
Gross Revenue Increase	\$116M (Less \$75M D&A)
Net Revenue Increase	\$41M
Test Year	2024 Forecasted
<u>Procedural Schedule</u>	
Intervenor Testimony	11/15/2023
Rebuttal Testimony	12/13/2023
Hearing	1/16/2024
Expected Commission Order	June 2024
Expected Effective Date	June 2024



## I&M - Michigan

Docket #	U-21461
Filing Date	9/15/2023
Requested Rate Base	\$1.3B
Requested ROE	10.5%
Cap Structure	49.4%D / 50.6%E
Revenue Increase	\$34M
Test Year	2024 Forecasted

# Current Rate Case Activity

Continued focus on regulatory execution

<sup>1</sup> The base case filing also included a request to securitize \$471M of regulatory assets to mitigate rate impacts

<sup>2</sup> Does not include \$39M of existing riders moving to base rates; total revenue increase equals \$94M.

<sup>3</sup> Does not include \$75M of existing riders moving to base rates.

<sup>4</sup> The settlement provided approval for more efficient cost recovery mechanisms with the continuation of T&D trackers.



## KPCo – Kentucky<sup>1</sup>

Docket #	2023-00159
Filing Date	6/29/2023
Requested Rate Base	\$1.8B
Requested ROE	9.9%
Cap Structure	58.4%D / 41.6%E
Net Revenue Increase	\$55M <sup>2</sup>
Test Year	3/31/2023
<u>Procedural Schedule</u>	
Intervenor Testimony	10/2/2023
Rebuttal Testimony	10/30/2023
Hearing	11/28/2023
Expected Commission Order	Early 2024
Expected Effective Date	Early 2024



## PSO – Oklahoma

Docket #	PUD 2022-000093
Filing Date	11/22/2022
Requested Rate Base	\$4.4B
Requested ROE	10.4%
Cap Structure	45.4%D / 54.6%E
Gross Revenue Increase	\$173M <sup>3</sup> (Less \$70M D&A)
Net Revenue Increase	\$103M
Test Year	6/30/2022
<u>Settlement Summary<sup>4</sup></u>	
Settlement Filed	5/5/2023
Expected Commission Order	October 2023
Effective Date	6/1/2023
ROE	9.5%
Cap Structure	45.4%D / 54.6%E
Net Revenue Increase	\$50M



# Actively Managing Current Fuel Cost Impacts

Adapting fuel clause recovery with a focus on customer impacts

## APCo VA

- Current Mechanism: 12-month fuel clause to reset and account for prior year
- Adjustment: Reset base of fuel level with a 24-month recovery and carrying charge on under-recovered balance starting in September 2022

## APCo/WPCo WV

- Current Mechanism: 12-month fuel clause to reset and account for prior year
- Adjustment: Securitization legislation effective March 2023; new fuel case filed in April 2023 proposes to use the securitization legislation to address deferred fuel balance

## PSO OK

- Current Mechanism: 12-month fuel clause to reset and account for prior year
- Adjustment: Reset base of fuel level starting in October 2022 which includes 27 months to recover under recovered balance

## SWEPCO AR

- Current Mechanism: 12-month fuel clause to reset and account for prior year filed annually in March, effective for April bills
- Adjustment: Filed an interim factor effective October 2022 to recover the under recovery in a 6-month surcharge; this makes the increase effective during the lower winter seasonal rate

## SWEPCO TX

- Current Mechanism: May update the fuel factor up to three times per year in a process resetting fuel (filed only in January, May, and/or September); this is not done every year
- Adjustment: Updated fuel surcharge to collect the under recovered balance over a 16-month period starting in February 2023



# Actions to Close the ROE Gap

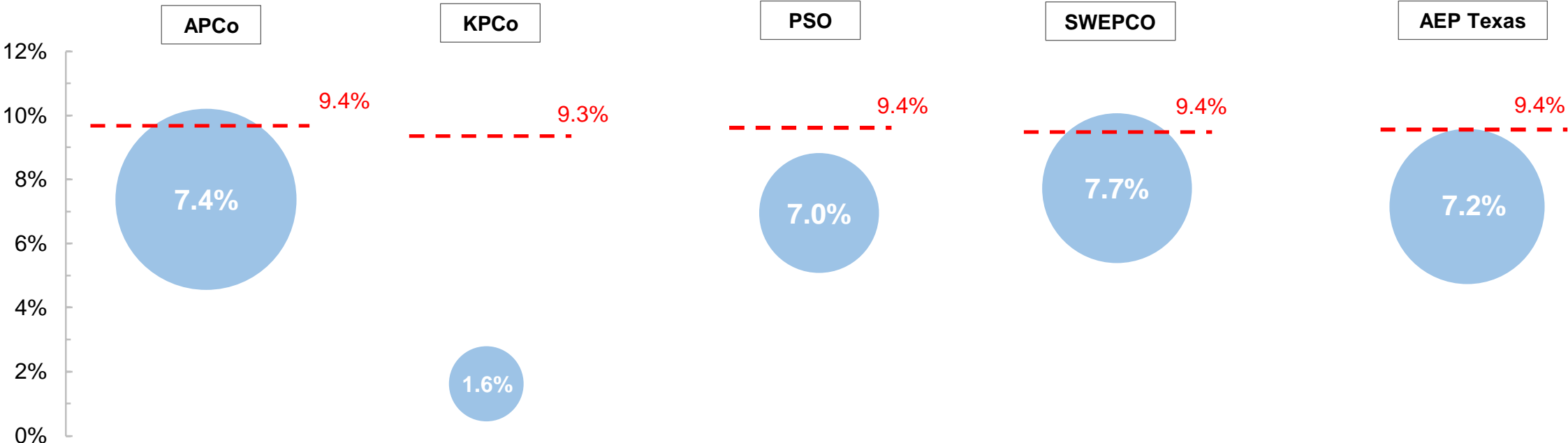
Focus on achieving authorized ROEs in all operating companies

Regulated Operations ROE as of 6/30/2023 of 8.6%; depressed by 40 bps on mild weather

- Other ROEs – 12 Months Ended 6/30/2023:**
- AEP Ohio – authorized 9.7% vs earned 8.8%.
  - I&M – authorized 9.7% vs. earned 10.9%.
  - AEP Transmission Holdco – authorized 10.4% vs. earned 11.1%.

Authorized ROE in multijurisdictional companies is estimated by weighting various jurisdictional factors.

- Current Authorized ROE
- 12 Months Ended 6/30/2023 ROE (operating earnings, not weather normalized)
- ✓ Complete



ACTION PLANS TO CLOSE GAP				
APCo	KPCo	PSO	SWEPCO	AEP Texas
<div>✓</div> Securitization legislation passed in WV	<div>✓</div> Right team in place to oversee efficient and effective execution of Kentucky strategy	<div>✓</div> Securitization of Winter Storm Uri costs and North Central rates put in place in 2022	<div>✓</div> Finalized LA rate case in January 2023 and implemented formula rate going forward	<div>✓</div> Bi-annual TCOS filings recover significant capital investment
<div>✓</div> Implemented VA triennial rate adjustment pursuant to VA Supreme Court ruling in APCo's favor in 2022	<div>✓</div> Securitization legislation passed	<div>✓</div> Base case filed November 2022; pursuing approval of more efficient cost recovery mechanisms with the continuation of T&D trackers	<div>✓</div> Legislation modified to allow AR base case filing flexibility	<div>✓</div> Annual DCRF filings recover D-related capital
<div>✓</div> Filed new VA triennial in 2023	<div>✓</div> Filed for recovery of fuel and storm cost deferrals		<div>✓</div> Filed Turk CCN and rider request in AR	<div>✓</div> Bi-annual DCRF legislation passed
<div>✓</div> G, T, broadband, EE, RPS and DR trackers recover most incremental investment; triennial process for balance of recovery in VA	<div>✓</div> Base case filed in June 2023 with rates effective in early 2024		<div>✓</div> Filed LA formula rate update in April 2023	<div>•</div> Review rate structures for 2024 rate case filing
<div>✓</div> VA biennial rate case legislation passed	<div>✓</div> Securitization filed in June 2023 to right-size rate base and mitigate rate impacts		<div>✓</div> Filed AR formula rate update in April 2023	
<div>✓</div> Rate base and renewables capital trackers in place for WV	<div>•</div> Implement new economic development opportunities to build a strong community and promote customer affordability		<div>✓</div> G, T and D trackers in place in TX	
			<div>✓</div> Timing of formula rate updates and new generation in-service dates to minimize lag	

# Review of Multi-jurisdictional Regulatory Constructs

Allows customers and states greater flexibility in generation transformation

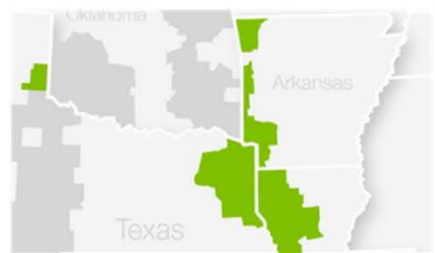
## APCo

Owned Generating Capacity	7,492 MW
PPA Capacity	968 MW
Generating & PPA Capacity by Fuel Mix	
Coal	63.7%
Natural Gas	19.5%
Hydro, Wind & Solar	16.8%



## SWEPCO

Owned Generating Capacity	5,009 MW
PPA Capacity	469 MW
Generating & PPA Capacity by Fuel Mix	
Coal	32.7%
Natural Gas	44.0%
Wind	23.3%



### Recent State-level Divergence and Need:

- ELG investments for existing coal assets now approved in both Virginia and West Virginia
- Virginia Clean Energy Act (VCEA) mandated renewables now being planned and built to serve Virginia-jurisdictional customers
- Customer Focus – Develop renewables tariff and contract offerings to meet customer needs and support economic development
- Studying the Future – Reviewing IRA options and infrastructure support for new potential options in Appalachia

### Recent State-level Divergence and Need:

- Arkansas portion of Turk was never included in rates due to Arkansas Supreme Court ruling; presenting the commission an option to allow customers to benefit from physical hedge provided by Turk
- North Central Wind declined in Texas and flexed up in Louisiana and Arkansas; costs/benefits of resource being direct assigned by states
- SPP raised reserve margin from 12% to 15%, driving further need for new supply for SWEPCO

### Reviewing current construct to ensure individual states and AEP alignment on generation supply

- Reviewing path to dedicated state-by-state resources
- Determining process to organize resource mix based on state policy
- Applying lessons learned in past execution to manage the generation fleet

# Economic Development Project Announcements: 2021 to Q2 2023<sup>1</sup>

AEP has an attractive  
service territory for  
economic development

## Summary of Future Impacts<sup>2</sup>

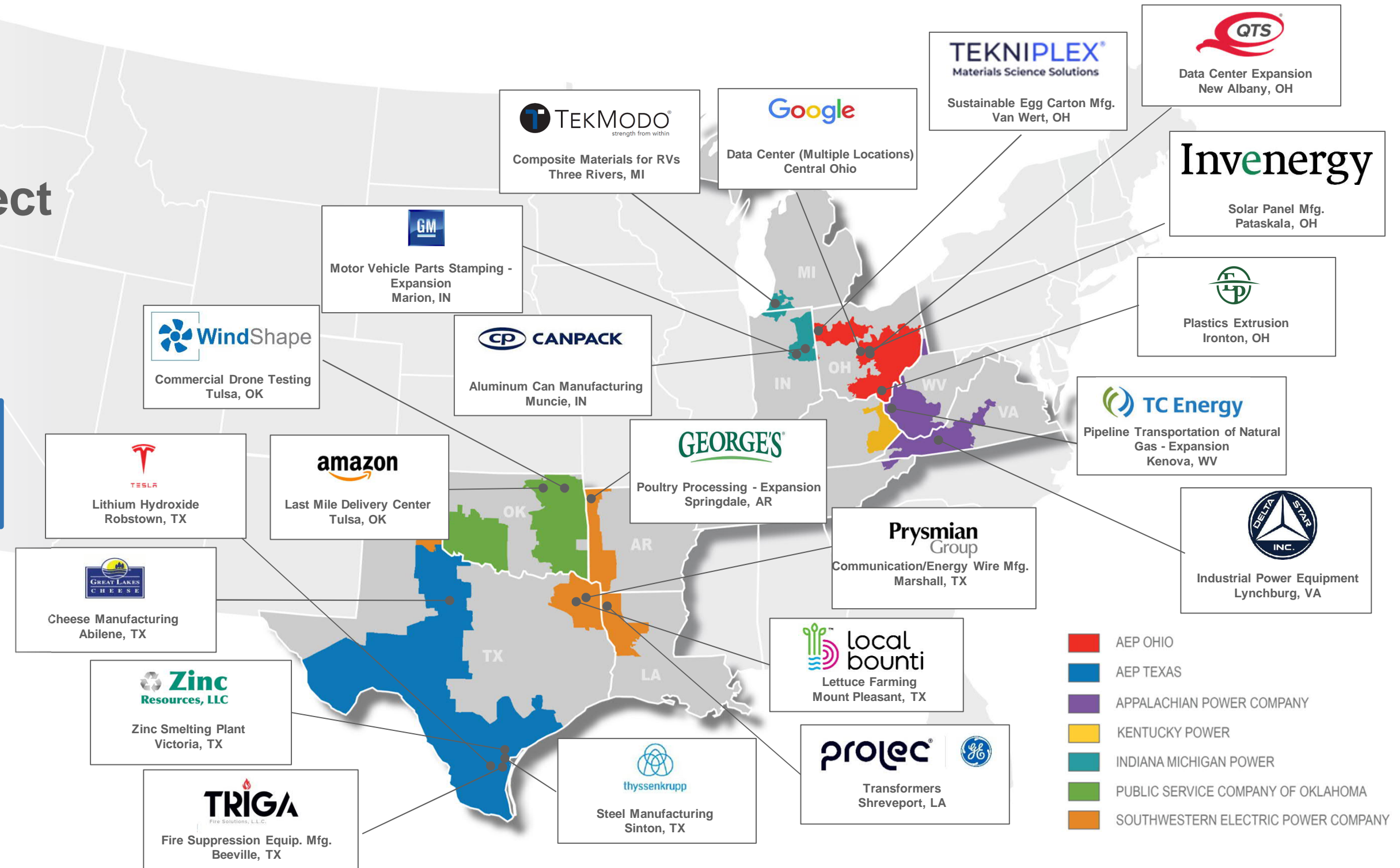
30K Direct Jobs

77K Total Jobs

4.3 GW from 2021 to  
Q2 2023 Announced Projects

<sup>1</sup> Companies in the graph represent recently added economic development projects and do not reflect all announced projects.

<sup>2</sup> Represents the impact of all economic development projects announced during the 2021-Q2 2023 period, including all companies listed on slides 50 and 51.



# Recent AEP Reshoring Successes

Targeting industries eligible for federal funding and tax credits from the Infrastructure Investment and Jobs Act (IIJA) and the Inflation Reduction Act (IRA) and grow the communities we serve.

## Intel (AEP Ohio)

- \$20B investment at the first Midwest chip production plant.
- Property was annexed into AEP Ohio service territory.
- The site was selected because of AEP's competence in serving large loads, team strength and depth and demonstrated ability to meet Intel's unique needs.

## Nucor (APCo)

- The largest single investment in West Virginia history.
- Site chosen because of high voltage infrastructure, AEP's proven ability to serve large loads and AEP's excellent customer service.

## GM + Samsung SDI (I&M)

- The largest EV battery investment in US.
- Site chosen because of high voltage infrastructure, proximity to automotive assembly facilities and Indiana's pro-business environment.

## Enel (PSO)

- The largest single investment in Oklahoma history.
- Site chosen because of high voltage infrastructure, shovel readiness, and PSO's ability to achieve company's 100% renewable energy goals.

