

**AMERICAN  
ELECTRIC  
POWER™**

BOUNDLESS ENERGY™



**Wolfe Utilities & Midstream  
Conference**  
September 30, 2020

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, The impact of pandemics, including COVID-19, and any associated disruption of AEP’s business operations due to impacts on economic or market conditions, electricity usage, employees, customers, service providers, vendors and suppliers, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs, new legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

## INVESTOR RELATIONS

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# The Premier Regulated Energy Company



**221,000**

Miles of Distribution

**40,000**

Miles of Transmission

**5.5M**

Customers in 11 States

**26GW**

Owned Generation

**17,400**

Employees

**114 Years**

Leading the Way Forward

**\$47B**

Rate Base

**\$40B**

Current Market Capitalization

**\$76B**

Total Assets

Statistics as of December 31, 2019 except for market capitalization as of September 28, 2020

**Confidence in  
Steady and  
Predictable  
Earnings  
Growth Rate  
of  
5%-7%**

**Commitment  
to Growing  
Dividend  
Consistent  
with Earnings**

**Well  
Positioned  
as a  
Sustainable  
Regulated  
Business**

**Compelling  
Portfolio of  
Premium  
Investment  
Opportunities**

# Strategic Vision and Priorities

**Invest in transmission and distribution networks**

**Invest in regulated and contracted renewables**

**Mitigate generation risk and optimize operations**

**Superior capital allocation**

**Relentless O&M optimization/Future of work**

**Improve customer experience**

**We are focused on executing our strategy while concurrently improving our operations and keeping rates affordable**





## KEY AEP THEMES

- 5%-7% Earnings Growth Rate
- Proven Track Record of TSR and EPS Performance
- Strong Dividend Growth
- O&M Optimization
- ESG Focus

# Strong Profile for Investors



*Incentive Comp Tied to EPS*

*Investment Pipeline*

*Steady Growth*

## TOTAL SHAREHOLDER RETURN

**~3%**

**DIVIDEND YIELD**

5%-7% CAGR

**5%-7%**

**EPS GROWTH**

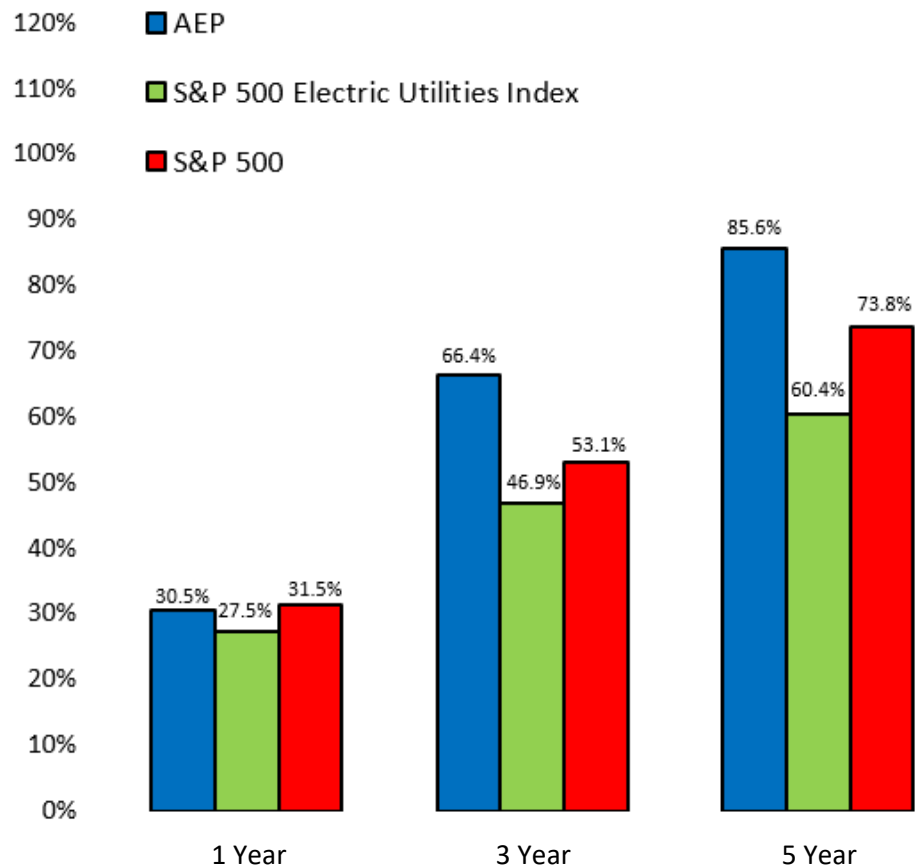
2020 Operating Earnings  
Guidance  
\$4.25-\$4.45 per share

*Consistent Dividends*

*Low Risk, Regulated Assets*

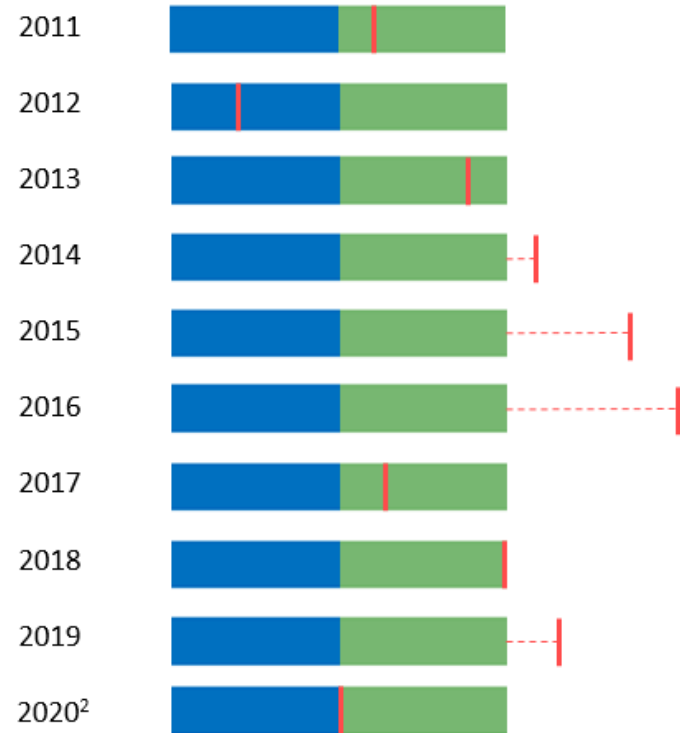
# Proven Track Record of Performance

## Favorable Total Shareholder Return<sup>1</sup>

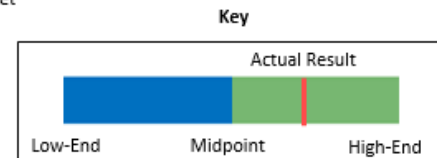


<sup>1</sup> Data as of December 31, 2019

## Decade of Meeting or Exceeding Original Guidance



<sup>2</sup> EPS Target



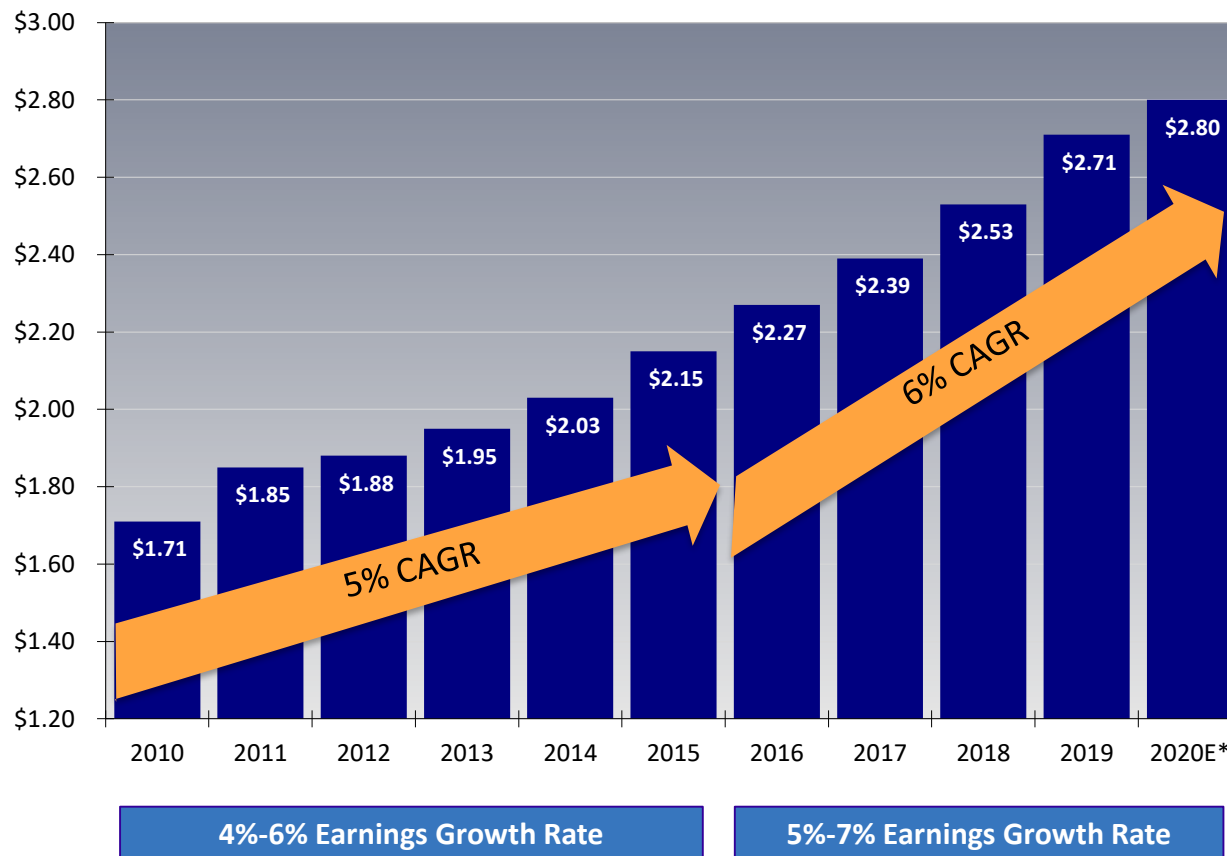


# Strong Dividend Growth

Targeted  
payout ratio  
60-70% of  
operating  
earnings

Over 110  
years of  
consecutive  
quarterly  
dividends

Targeted  
dividend  
growth in line  
with earnings

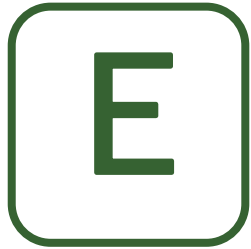


**EPS Growth + Dividend Yield = 8% to 10% Annual Return Opportunity**

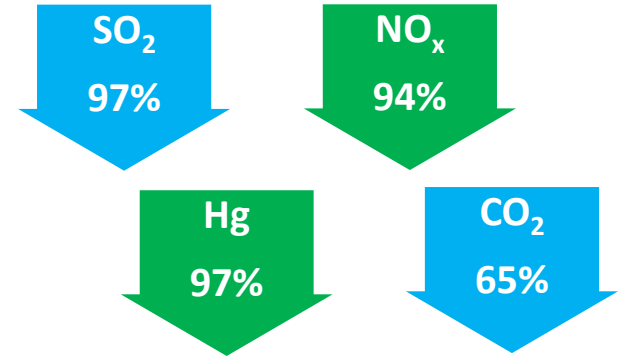
\* Subject to Board approval

# O&M Optimization

Initiatives	Actions
Achieving Excellence Program	<ul style="list-style-type: none"> <li>• <b>Employee based O&amp;M prioritization and optimization effort</b></li> <li>• <b>Drive down costs in 2020 and beyond</b></li> <li>• <b>Program will leverage the experience of EHS Partners</b></li> </ul>
Lean Management System Implementation/Continuous Process Improvement	<ul style="list-style-type: none"> <li>• <b>Distribution</b> – Drive enhanced reliability which will lead to reduced O&amp;M cost associated with storm restoration in the long term</li> <li>• <b>Supply chain</b> – Optimize the material requisition process to improve material lead times, reducing stock outs and increasing crew productivity resulting in reduced O&amp;M cost</li> <li>• <b>Fleet operations</b> – Focus on reducing the number of vehicle platforms/options acquired and optimizing the acquisition process to reduce acquisition and maintenance costs</li> <li>• <b>Generation (system productivity)</b> – Fleet wide team-based focus on the reduction of waste associated with targeted plant systems, e.g. coal handling, scrubbers</li> </ul>
Data Analytics	<ul style="list-style-type: none"> <li>• <b>Workforce optimization</b> – Employee/contractor mix</li> <li>• <b>Hot socket model</b> – Using AMI data to preemptively identify meters at risk</li> <li>• <b>Revenue protection</b> – Detecting meter tampering</li> <li>• <b>Frequency regulation</b> – Analysis of PJM bidding strategies</li> </ul>
Automation	<ul style="list-style-type: none"> <li>• <b>Scrap metal billing and management</b></li> <li>• <b>Service Corp billing allocation factors</b></li> <li>• <b>No-bill workflow assignment process</b></li> <li>• <b>Customer workflow scheduling</b></li> </ul>
Digital Tools	<ul style="list-style-type: none"> <li>• <b>“The Zone”</b> – Machine learning tool to operate fossil units at optimal level to minimize O&amp;M and capital, while maintaining and improving performance</li> <li>• <b>Generation Monitoring and Diagnostic Center</b> – Predictive capabilities that save O&amp;M and capital</li> </ul>
Use of Drones	<ul style="list-style-type: none"> <li>• <b>Storm damage assessment</b></li> <li>• <b>Real estate and land surveys</b></li> <li>• <b>Transmission facility inspections, construction monitoring and documentation</b></li> <li>• <b>Telecommunication tower inspections</b></li> <li>• <b>Cooling tower and boiler inspections</b></li> </ul>
Outsourcing	<ul style="list-style-type: none"> <li>• <b>Accounting and tax initiative</b></li> <li>• <b>Rapid application and information support</b></li> <li>• <b>Lockbox for customer payments by check</b></li> </ul>
Workforce Planning	<ul style="list-style-type: none"> <li>• <b>Approximately 4,000 employees will retire or leave in the next 5 years</b></li> </ul>
Strategic Sourcing	<ul style="list-style-type: none"> <li>• <b>Reducing cost through procurement category management</b> – 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</li> </ul>



- Dramatic reductions in emissions
- 38% reduction in coal capacity since 1999
- Carbon emission reduction goals: 70% by 2030, 80% by 2050, with zero emission aspirations
- Emissions reduction strategy tied to long-term incentive compensation



- Diversity and inclusion vision
- Focused on economic and business development in our service territories
- Zero Harm mentality – zero injuries, zero occupational illnesses and zero fatalities

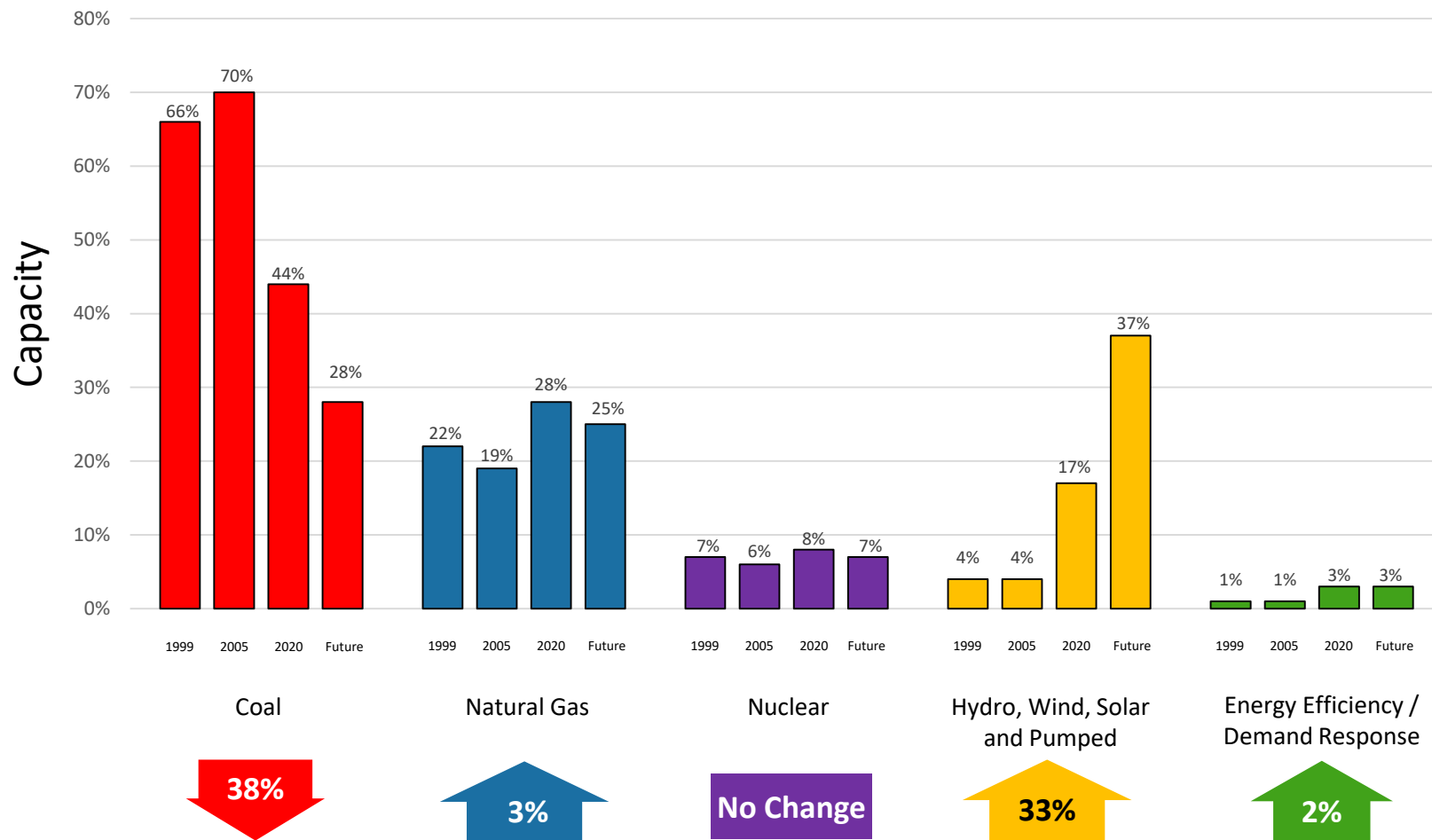


- 13 directors, 12 are independent, 38% diverse with an average tenure of 7 years
- Annual shareholder engagement on strategy and ESG matters with lead independent director participation
- Environmental reports provided at every Board meeting



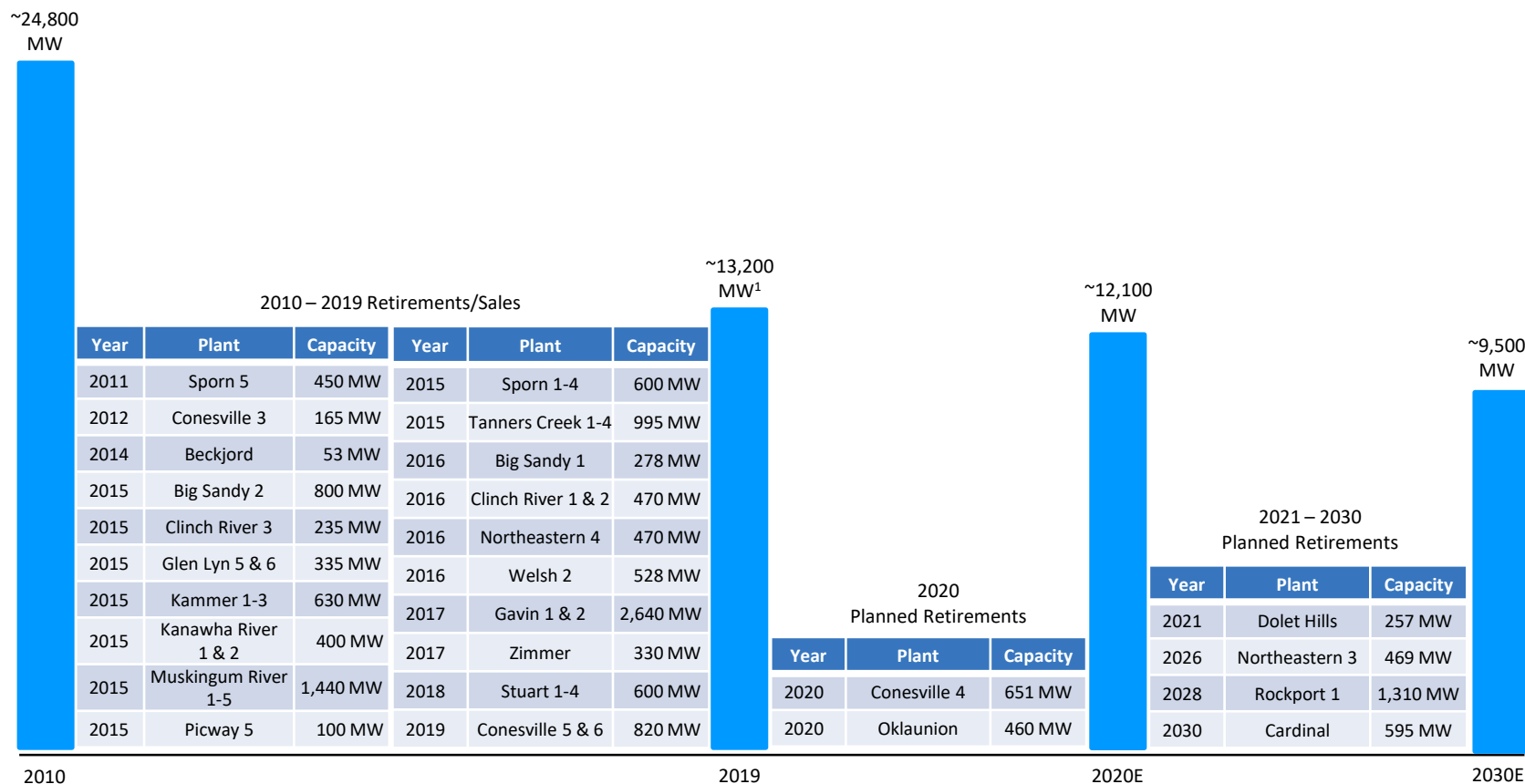
Note: See "Environmental, Social & Governance section for further information

# Transforming Our Generation Fleet



As of 9/1/20. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.


# Retirement Progress and Plans




<sup>1</sup> Includes 2012 Turk Plant addition and 40% of Conesville 4 that was acquired in conjunction with the sale of Zimmer Plant



# Projected Resource Additions and Progress

Solar Additions (MW) 			
Company	2020-2022	2023-2027	2028-2030
APCo	15 <sup>1</sup>	300	750
I&M	150	600	550
KPCo	20	253	-
PSO	11	600	600
SWEPCO	-	-	300
<b>Total</b>	<b>196</b>	<b>1,753</b>	<b>2,200</b>



Wind Additions (MW) 			
Company	2020-2022	2023-2027	2028-2030
APCo	-	300	-
I&M	300	150	300
KPCo	-	-	200
PSO	675 <sup>1</sup>	400	200
SWEPCO	810 <sup>1</sup>	600	-
<b>Total</b>	<b>1,785</b>	<b>1,450</b>	<b>700</b>

Natural Gas Additions (MW) 			
Company	2020-2022	2023-2027	2028-2030
I&M	18	18	788
PSO	373 <sup>2</sup>	410 <sup>2</sup>	-
<b>Total</b>	<b>391</b>	<b>428</b>	<b>788</b>

<sup>1</sup> Approval received

<sup>2</sup> To replace expiring PPA

Total Projected Resource Additions (MW)	
Resource	2020-2030
Solar	4,149
Wind	3,935
Natural Gas	1,607
<b>Total</b>	<b>9,691</b>

Renewables Progress Update					
Company	Structure	Solar (MW) 	Wind (MW) 	Public Status	Expected In-Service
APCo (VA)	PPA	15	-	Approval received (Depot Solar)	2020
I&M (IN)	Owned	20	-	Approval received (St. Joseph Solar)	2021
PSO	Owned	-	675	Approval received (North Central Wind)	2021
SWEPCO (AR, LA)	Owned	-	810	Approval received (North Central Wind)	2021
APCo (VA)	Owned	200	-	RFP issued in January 2020	2023
APCo (WV)	Owned	50	-	RFP issued in June 2020	2023
SWEPCO (LA)	Owned	200	-	RFP planned for 4Q20 (part of North Central Wind settlement for LA)	TBD
<b>Total MW</b>		<b>485</b>	<b>1,485</b>	<b>Solar + Wind = 1,970 MW</b>	

Updated 9/1/2020

# North Central Wind Overview



Approved MW Allocation		
Jurisdiction (Docket #)	MW	% of Project
PSO (PUD 2019-00048)	675	45.5%
SWEPCO – AR (19-035-U)	268	18.1%
SWEPCO – LA (U-35324)	464	31.2%
SWEPCO - FERC	78	5.2%
Total:	1,485	100%

SWEPCO and PSO Regulated Wind Investment				
Total Rate Base Investment	~\$2 billion (1,485 MW)			
North Central Wind	<u>Name</u>	<u>MW</u>	<u>Investment</u>	<u>In-Service</u>
	Sundance	199	\$307M	Q1 2021 (100% PTC)
	Traverse	999	\$1,287M	EOY 2021 (80% PTC)
	Maverick	287	\$402M	
Net Capacity Factor	44.0%			
Customer Savings	~\$3 billion (30-year nominal \$)			
Developer	Invenergy			
Turbine Supplier	GE			
Note: Facilities to be acquired on a fixed cost, turn-key basis at completion				

**Regulatory approvals achieved in Oklahoma, Louisiana, Arkansas and at FERC to move forward with the entire project**



**POSITIONING FOR THE FUTURE**

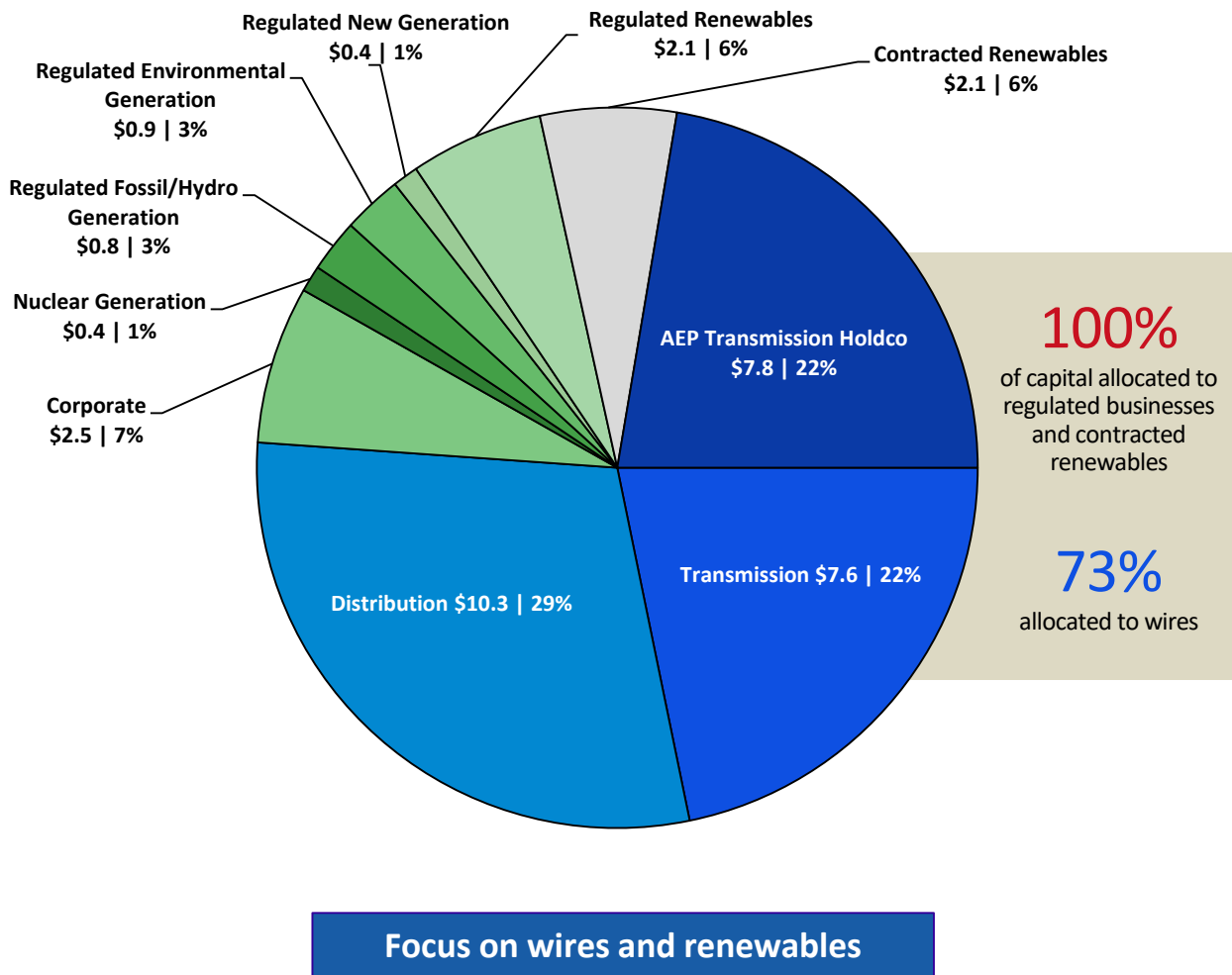
**CAPITAL INVESTMENT OPPORTUNITIES**

# Robust Organic Capital Opportunities

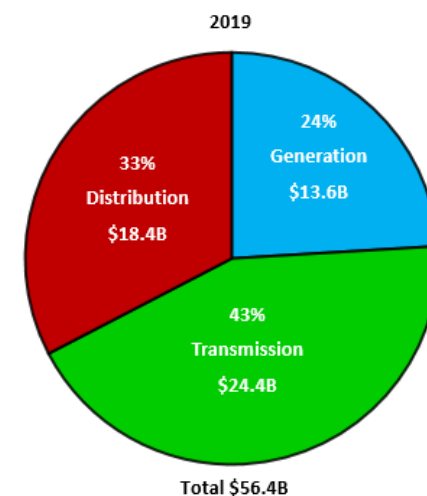
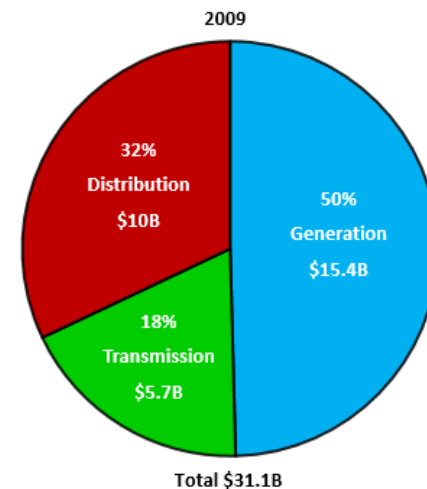
<b>Transmission</b>	Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects
<b>Distribution</b>	Grid modernization, reliability improvement projects and distribution station refurbishment
<b>Renewables</b>	Regulated renewables supported by integrated resource plans and contracted renewables
<b>Technology</b>	Digitization, automation, cyber security, enterprise-wide applications

# 2020 - 2024 Capital Forecast of \$35B and Net Plant

## 2020-2024 Capital Forecast



## Historical Net Plant Profiles





# Cash Flows and Financial Metrics

\$ in millions	2020E	2021E	2022E	2023E
Cash from Operations	\$ 4,600	\$ 4,800	\$ 5,300	\$ 5,800
Capital & JV Equity Contributions <sup>1</sup>	(5,900)	(8,200)	(6,500)	(6,500)
Other Investing Activities	(400)	(100)	(200)	(200)
Common Dividends <sup>2</sup>	(1,400)	(1,400)	(1,500)	(1,500)
Excess (Required) Capital	\$ (3,100)	\$ (4,900)	\$ (2,900)	\$ (2,400)
<b>Financing</b>				
Excess (Required) Capital	\$ (3,100)	\$ (4,900)	\$ (2,900)	\$ (2,400)
Debt Maturities (Senior Notes, PCRBs)	(1,000)	(2,000)	(3,000)	(500)
Securitization Amortizations	(200)	(100)	(100)	(100)
Equity Units <sup>3</sup>	850	-	-	-
Equity Units Conversion	-	-	805	850
Equity Issuances - Includes DRP <sup>4</sup>	100	1,400	600	100
Debt Capital Market Needs (New)	\$ (3,350)	\$ (5,600)	\$ (4,595)	\$ (2,050)
<b>Financial Metrics</b>				
Debt to Capitalization (GAAP)	55 - 60%			
FFO/Total Debt (Moody's)	Low to Mid Teens Reflecting Accelerated Flowback of ADFIT			

<sup>1</sup> Capital expenditures in 2021 include \$2B for North Central Wind.

<sup>2</sup> Common Dividends \$2.80/share 2020-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range in 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

<sup>3</sup> \$750M offering and exercise of over-allotment.

<sup>4</sup> Equity needs in 2021 include \$1.3B for North Central Wind.

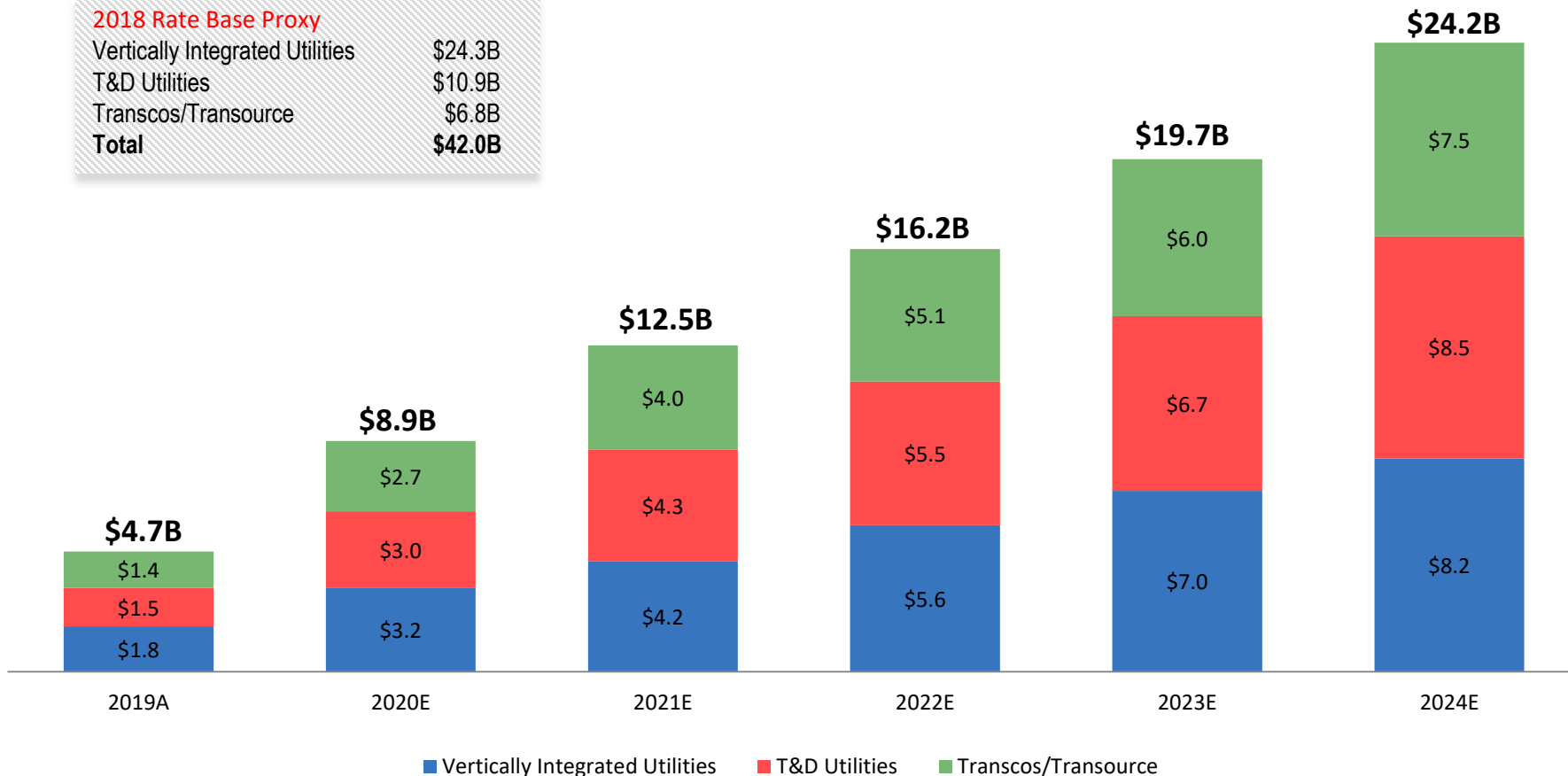
Actual Cash flows will vary by company and jurisdiction based on regulatory outcomes.

# 7.9% CAGR in Rate Base Growth

## Cumulative Change from 2018 Base

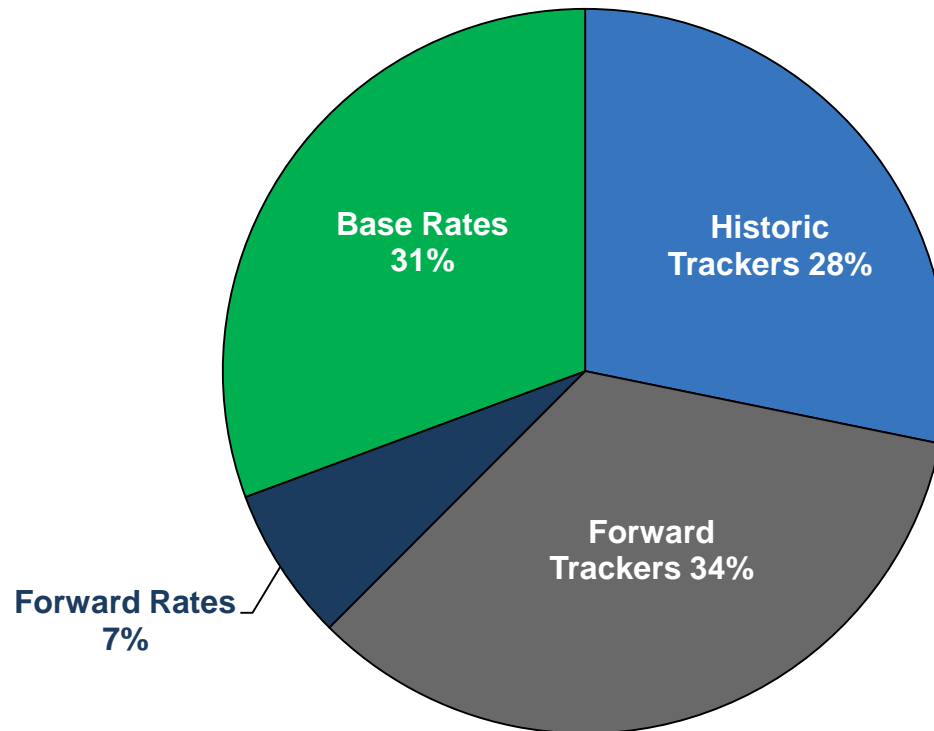
### 2018 Rate Base Proxy

Vertically Integrated Utilities	\$24.3B
T&D Utilities	\$10.9B
Transcos/Transource	\$6.8B
<b>Total</b>	<b>\$42.0B</b>



5%-7% EPS growth is predicated on regulated rate base growth

# Efficient Cost Recovery Mechanisms



**Nearly 70% of 2020-2024 capital plan recovered through reduced lag mechanisms**



# TRANSMISSION TRANSFORMATION



## AEP STRATEGIC VISION: INVEST IN TRANSMISSION NETWORK

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

Delivering significant customer benefits:

- Higher reliability
- Lower energy costs
- Economic development
- Public policy goals

Disciplined execution:

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

## STABLE COST RECOVERY FRAMEWORK

## DELIVER VALUE TO CUSTOMERS AND PREDICTABLE EARNINGS GROWTH

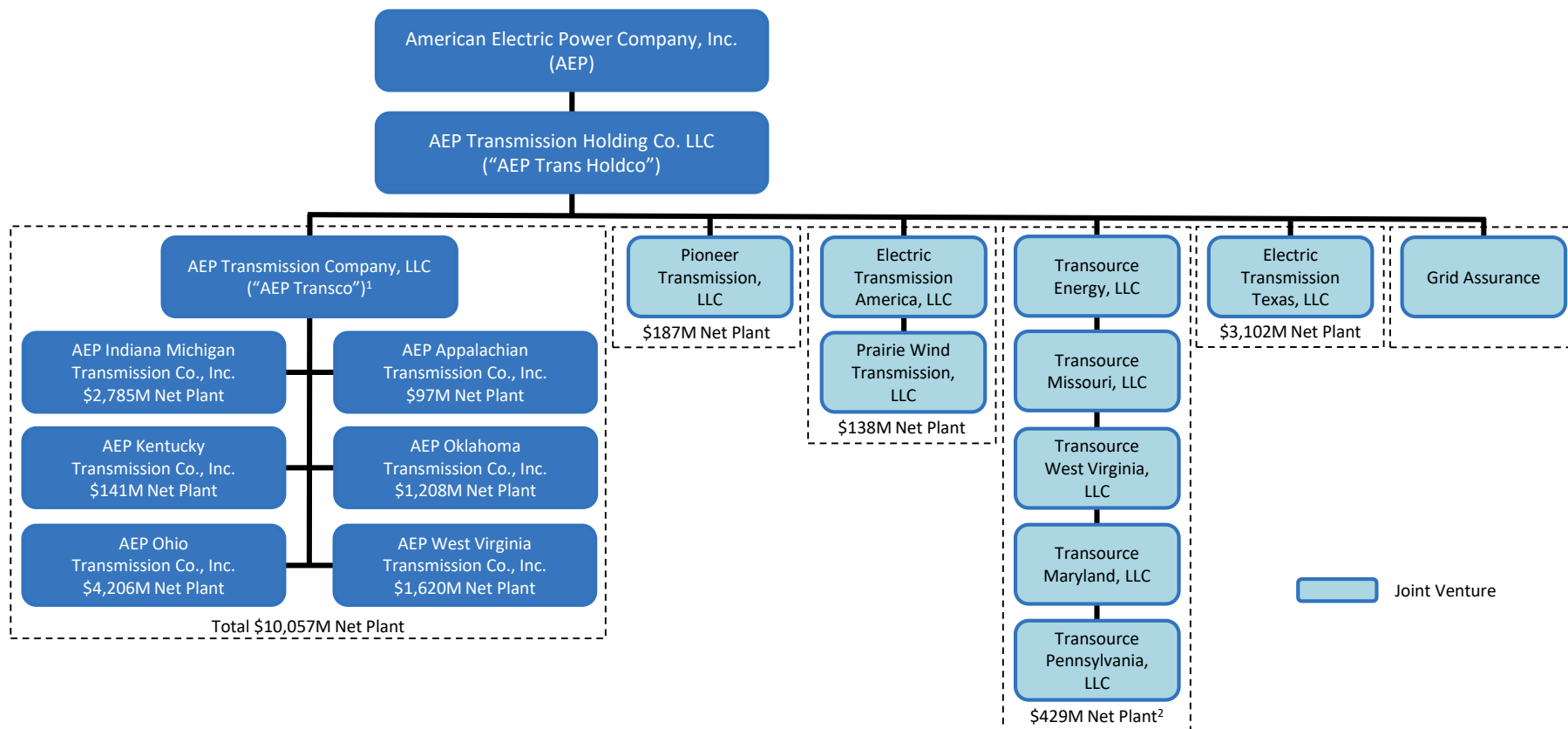


# AEP Transmission Holdco Legal Entity Structure



**AEP INVESTS TRANSMISSION CAPITAL IN BOTH THE INTEGRATED OPERATING COMPANIES AND IN THE AFFILIATES HELD UNDER AEP TRANSMISSION HOLDING COMPANY**

**AEP PROVIDES A STAND-ALONE EARNINGS FORECAST FOR AEP TRANSMISSION HOLDING COMPANY**



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

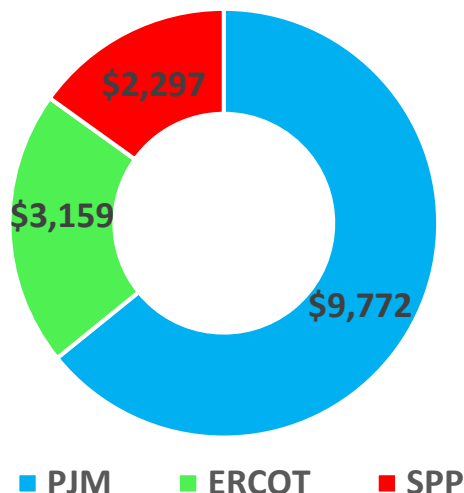
Net plant totals are as of June 30, 2020.

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

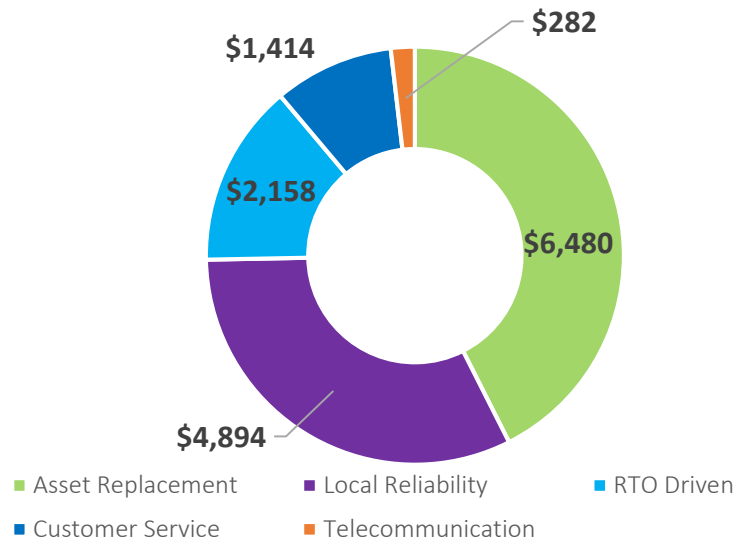
<sup>2</sup> Does not include Independence Energy Connection Project

# Five Year Transmission Capital Plan

2020-2024 INVESTMENT BY RTO (\$ MILLIONS)<sup>1</sup>



2020-2024 TRANSMISSION INVESTMENT BY CATEGORY (\$ MILLIONS)<sup>1</sup>



<sup>1</sup> Does not include \$200 million of Transource capital investment

## INVESTMENT CATEGORIES

DRIVERS

### ASSET REPLACEMENT

- Asset condition, performance history and risk of failure

### LOCAL RELIABILITY

- Transmission owner reliability planning criteria

### RTO DRIVEN

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

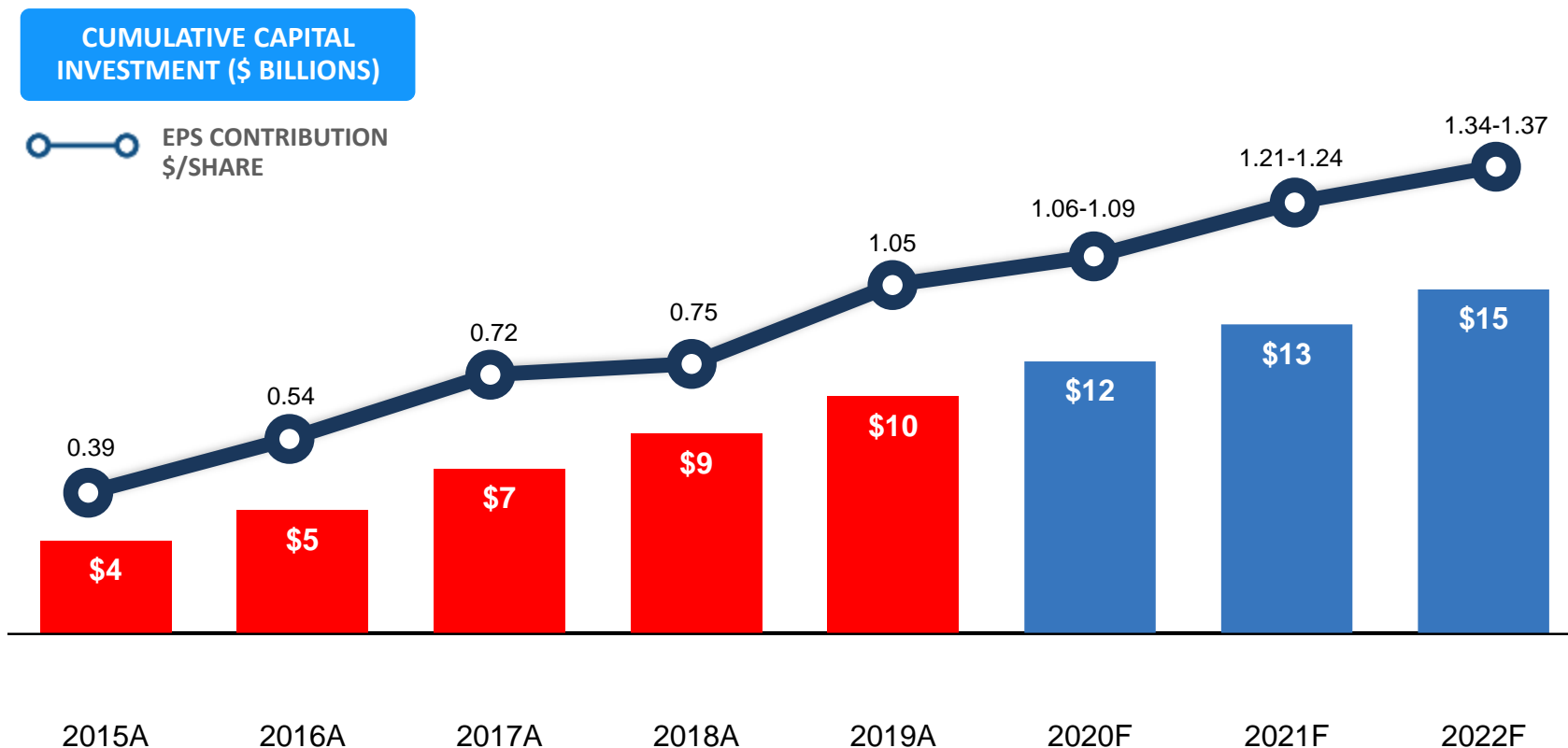
### CUSTOMER SERVICE

- Connecting new and enhanced service requests
- Facilitating local economic development

### TELECOM

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

# AEPTHC Target Earnings 2019-2022



**AEPTHC'S 2015 – 2022 EPS GROWTH PROJECTED AT A CAGR OF 19.4%**

# Stable Cost Recovery Framework

## STABLE AND CLEAR WHOLESALE COST RECOVERY FOR TRANSMISSION

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

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

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



### Partial T/R Recovery



### Pending/Formula or Base Case

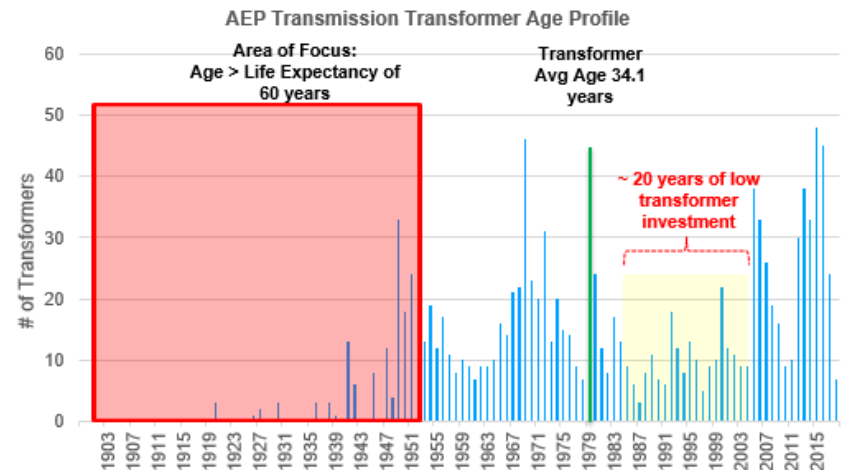
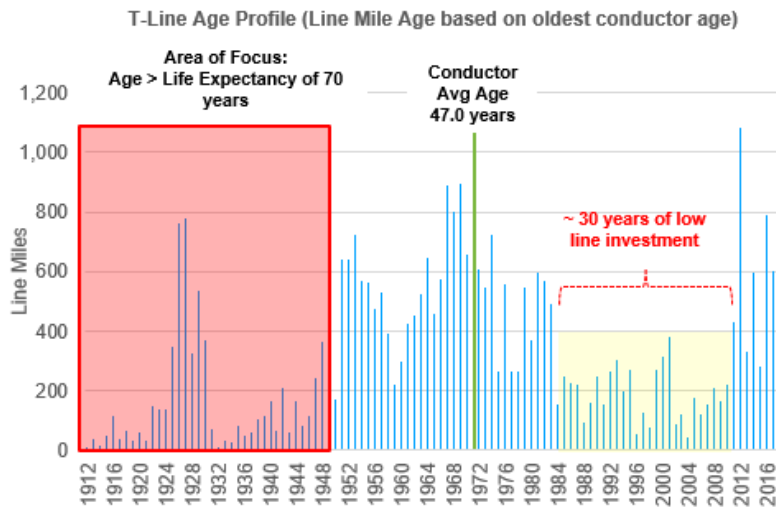


## TRANSMISSION INCENTIVES NOTICES OF INQUIRY

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

# Significant Need For Asset Replacement

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



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

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



# UTILITY TRANSFORMATION



# Identified Core Business Investments



## Current State of Distribution Grid

- \$1.8B of annual investment
- **\$2.7B** investment needed to maintain current assets

**10-Year Incremental Distribution Capital Investment Potential: ~\$18B<sup>1</sup>**

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

Investment Opportunity	Capital Investment \$
Grid Modernization	\$2.4 billion
Line Re-conductoring – Asset Renewal	\$13.0 billion
Pole Replacements – Asset Renewal	\$0.5 billion
Distribution Station Transformer and Breaker Replacements – Asset Renewal	\$1.4 billion

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

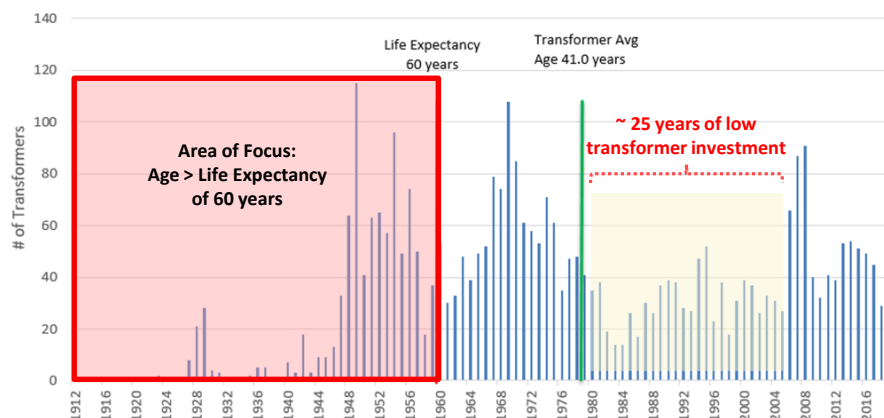
Partner with states to help spur economic development

<sup>1</sup> 10-year capital investment potential is above current \$1.8B annual spend, 7-10% O&M required to support the capital investment

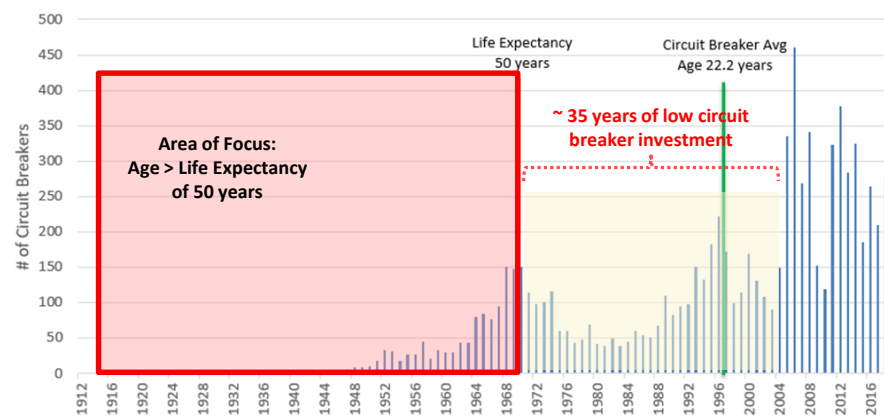
# Robust Distribution Capital Expenditure Opportunities

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

AEP Distribution Transformer Age Profile



AEP Distribution Circuit Breaker Age Profile



\$2.7 billion of annual on-system capital investment is required to maintain current age profile

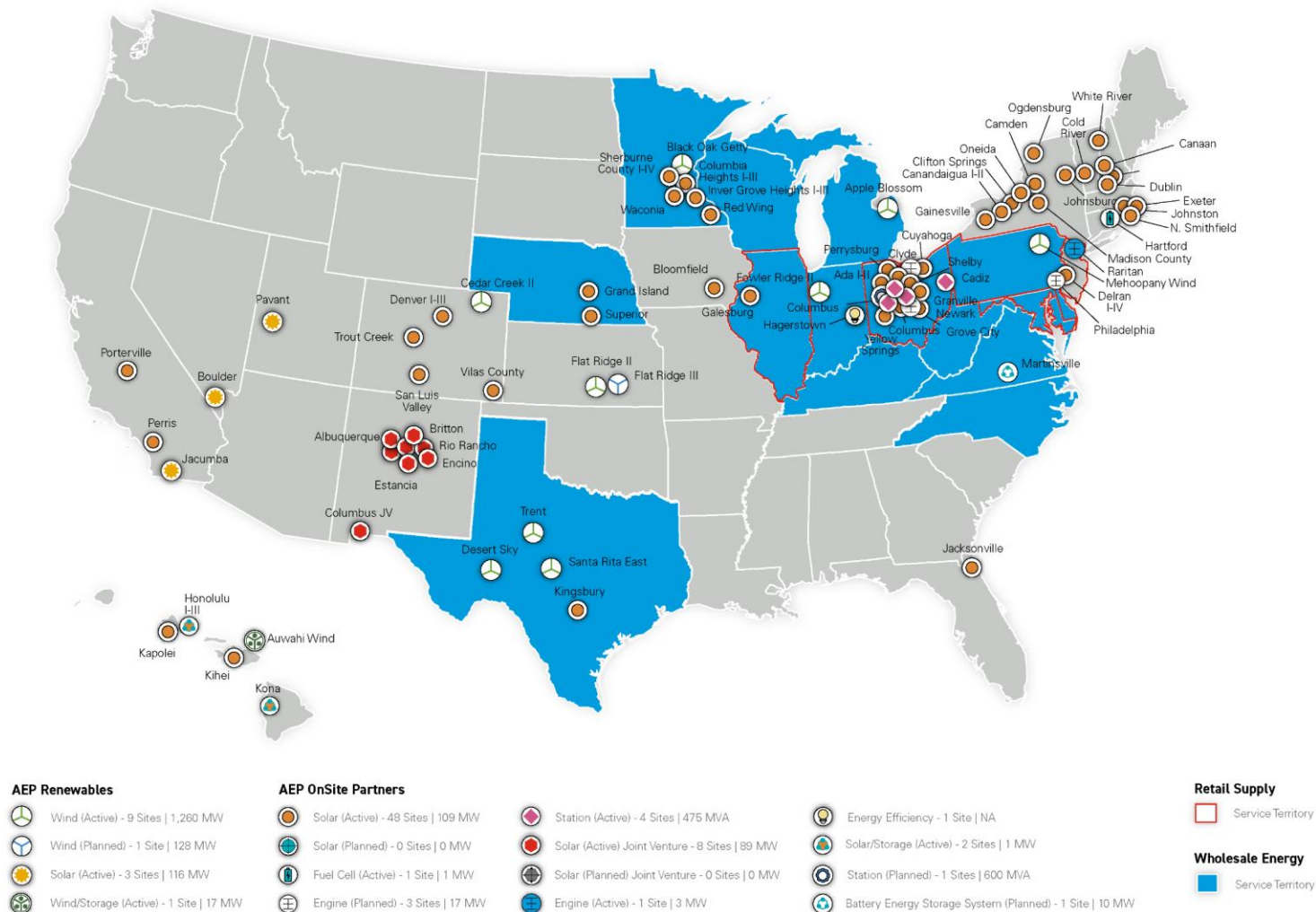


# INVESTING IN COMPETITIVE BUSINESS



# Competitive Businesses Presence

**AEP Competitive Businesses**  
Active in 31 States (7 State overlap with AEP Utilities)



As of September 1, 2020





## Development Pipeline

Progress continues in our development portfolio across three geographically dispersed areas

The 128 MW Flat Ridge 3 wind project in Kansas is under construction and expected to be placed in-service early 2021 using all of our PTC Safe Harbor equipment (qualifying the plant for 100% PTCs). The project has a long-term power agreement with Evergy for the entire energy output.

The other mid- to late-stage opportunities in our development portfolio possess solid project and market fundamentals, and continue to attract strong interest from utilities, municipalities, cooperatives and corporates

## Repower Initiative

Fowler Ridge 2 ends its PTC life by year-end 2020. Cedar Creek 2 will end its PTC life in mid-2021. Flat Ridge 2 and Mehoopany are ending their PTC lives by year-end 2022.

All 4 wind farms are being evaluated as potential repower candidates

If the repowers were to take place, it would most likely be at 60% PTC level

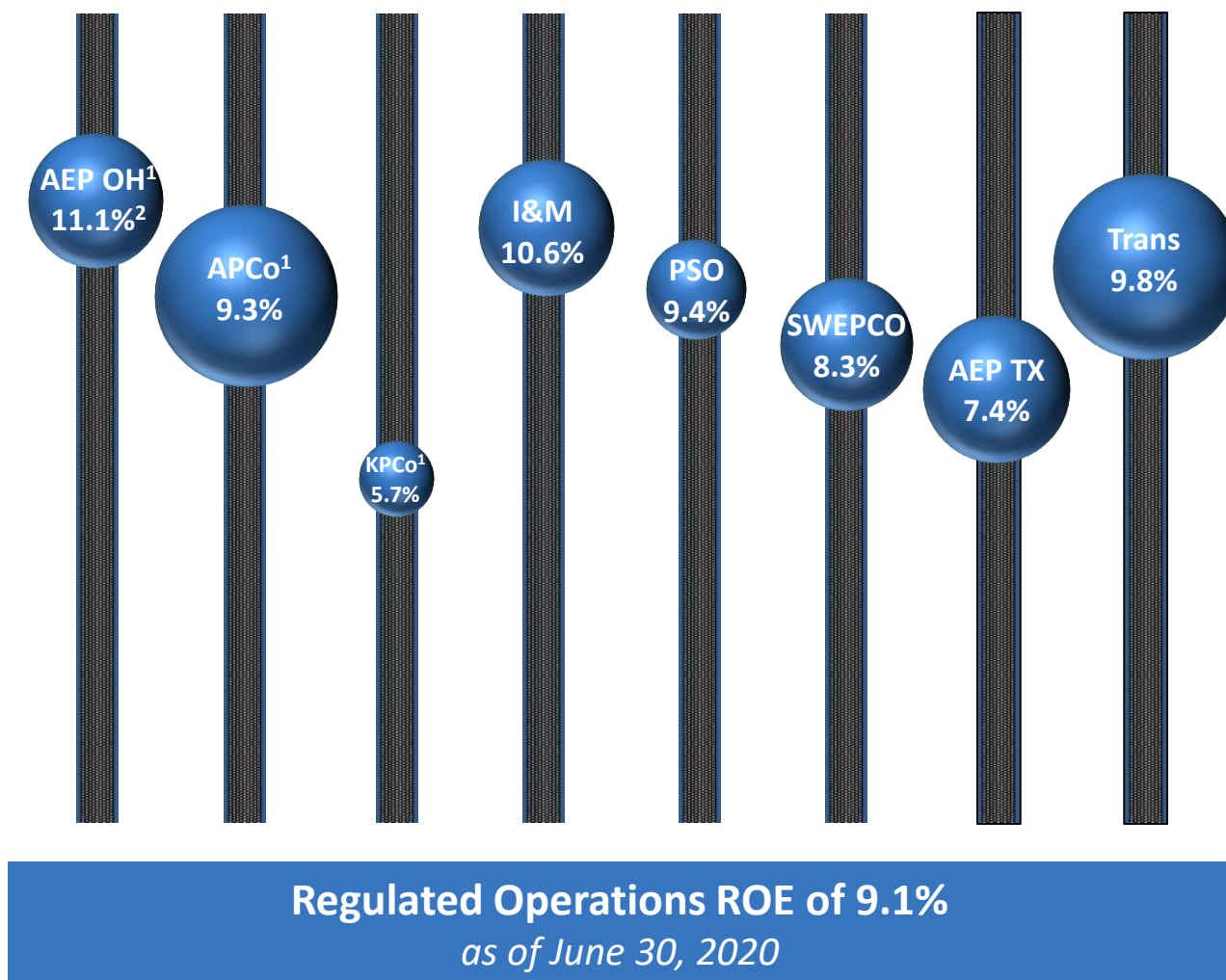


# FINANCIAL INFORMATION



# Regulated Returns

Twelve Months Ended 6/30/2020 Earned ROE's (non-GAAP operating earnings, not weather normalized)



<sup>1</sup> Base rate cases pending | <sup>2</sup> AEP Ohio ROE at end of year expected to be in the 10% range

*Sphere size based on each company's relative equity balance*

# Current Rate Case Activity

## AEP Ohio

Docket #: 20-0585-EL-AIR  
Filing Date: 06/01/2020  
Requested Rate Base: \$3.1B  
Requested ROE: 10.15%  
Cap Structure: 45.6%D / 54.4%E  
Gross Revenue Increase: \$36M  
(Less \$4.5M Depr Decrease)  
Net Revenue Increase: \$41M  
Test Year: 11/30/2020



## APCo – Virginia

Docket #: PUR-2020-00015  
Filing Date: 03/31/2020  
Requested Rate Base: \$2.5B  
Requested ROE: 9.9%  
Cap Structure: 50%D / 50%E  
Gross Revenue Increase: \$65M  
(Less \$27M D&A)  
Net Revenue Increase: \$38M  
Test Year: 12/31/2019  
  
Procedural Schedule:  
Hearing 09/14/2020  
Expected Effective Date First Quarter 2021



## KPCo

Docket #: 2020-00174  
Filing Date: 06/29/2020  
Requested Rate Base: \$1.4B  
Requested ROE: 10%  
Cap Structure: 53.7%D / 3.0%AR / 43.3%E  
Net Revenue Increase: \$65M  
Test Year: 03/31/2020  
  
Procedural Schedule:  
Intervenor Testimony 10/07/2020  
Rebuttal Testimony 11/09/2020  
Hearing 11/18/2020  
Expected Effective Date January 2021



## 2020 Earnings Guidance Range

\$4.25 - \$4.45

	2020 Guidance		Commentary
	EEI	Revised	
Retail Sales Growth	0.5%	(3.4%)	• Load forecast on track with Q1 2020 revised estimate
YTD 2020 Weather (vs. normal)	-	(\$30M) <sup>1</sup>	• Slight improvement in Q2 2020 • Favorable weather in July
Untracked O&M	\$2.8B	\$2.7B	• On track to deliver lower O&M
Capital Expenditures	\$6.3B	\$5.9B	• Reinstate \$100M of previously deferred 2020 capital • Monitor Q3 2020 cash flows

<sup>1</sup> Includes early estimate of July weather

### Items that would **positively** impact management's view:

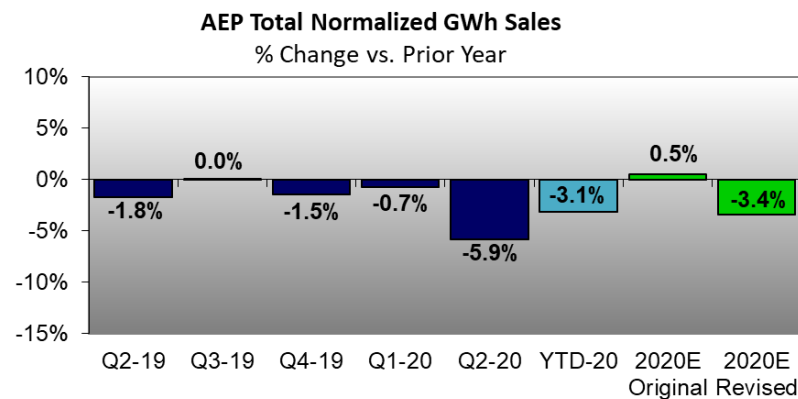
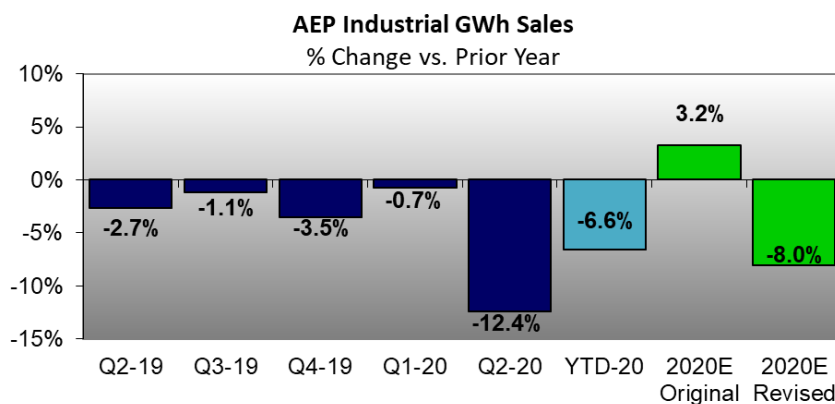
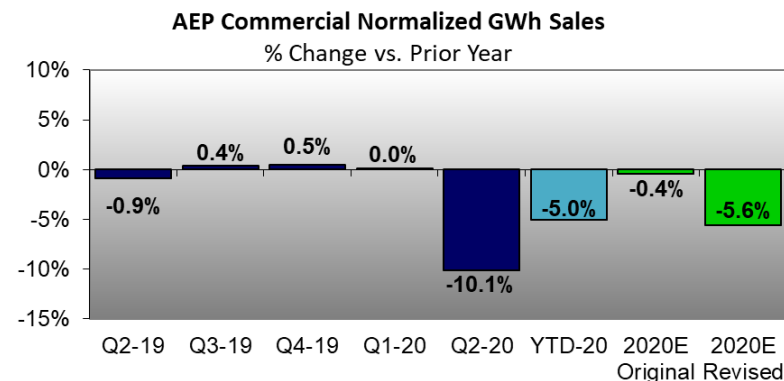
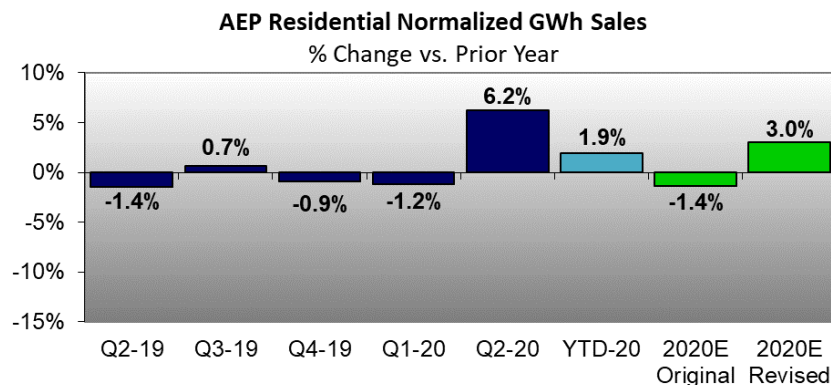
- Accelerated economic recovery
- Management of coronavirus infections such that the economy continues to recover
- Favorable sales mix relative to 2020 updated load forecast
- Warmer summer weather
- Additional O&M savings achieved

### Items that would **negatively** impact management's view:

- Delayed economic recovery
- Resurgence of coronavirus infections that disrupt service territory economy
- Unfavorable sales mix compared to 2020 updated load forecast
- Mild weather
- Higher storm-related O&M expense

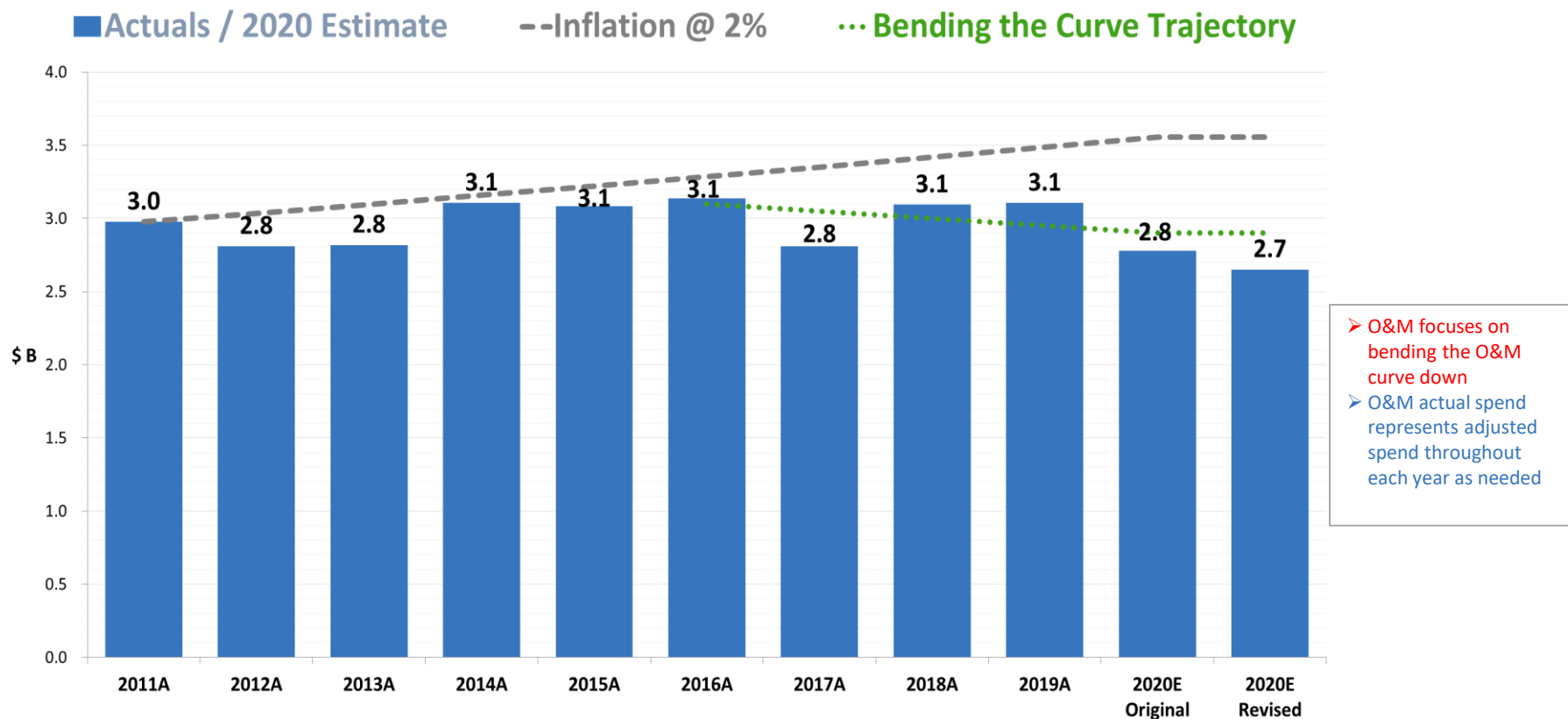


# Weather Normalized Billed Retail Load Trends



Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load. Revised forecast assumes a gradual recovery over the remainder of the year.

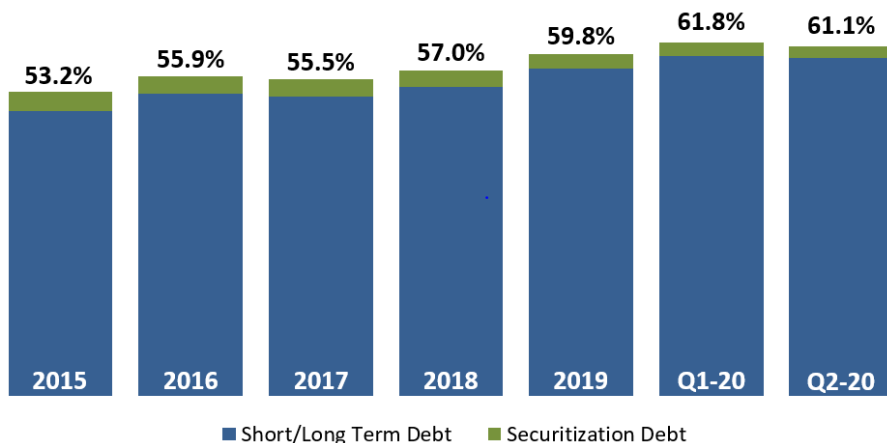
# Bending the O&M Curve



# Capitalization and Liquidity



## Total Debt / Total Capitalization

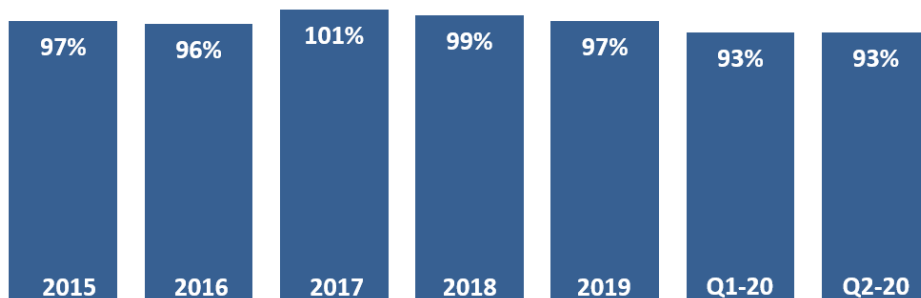


## Credit Statistics

	Actual		Target
	Moody's	GAAP	
FFO to Total Debt	14.1%	13.7%	Low to Mid Teens

*Represents the trailing 12 months as of 6/30/2020*

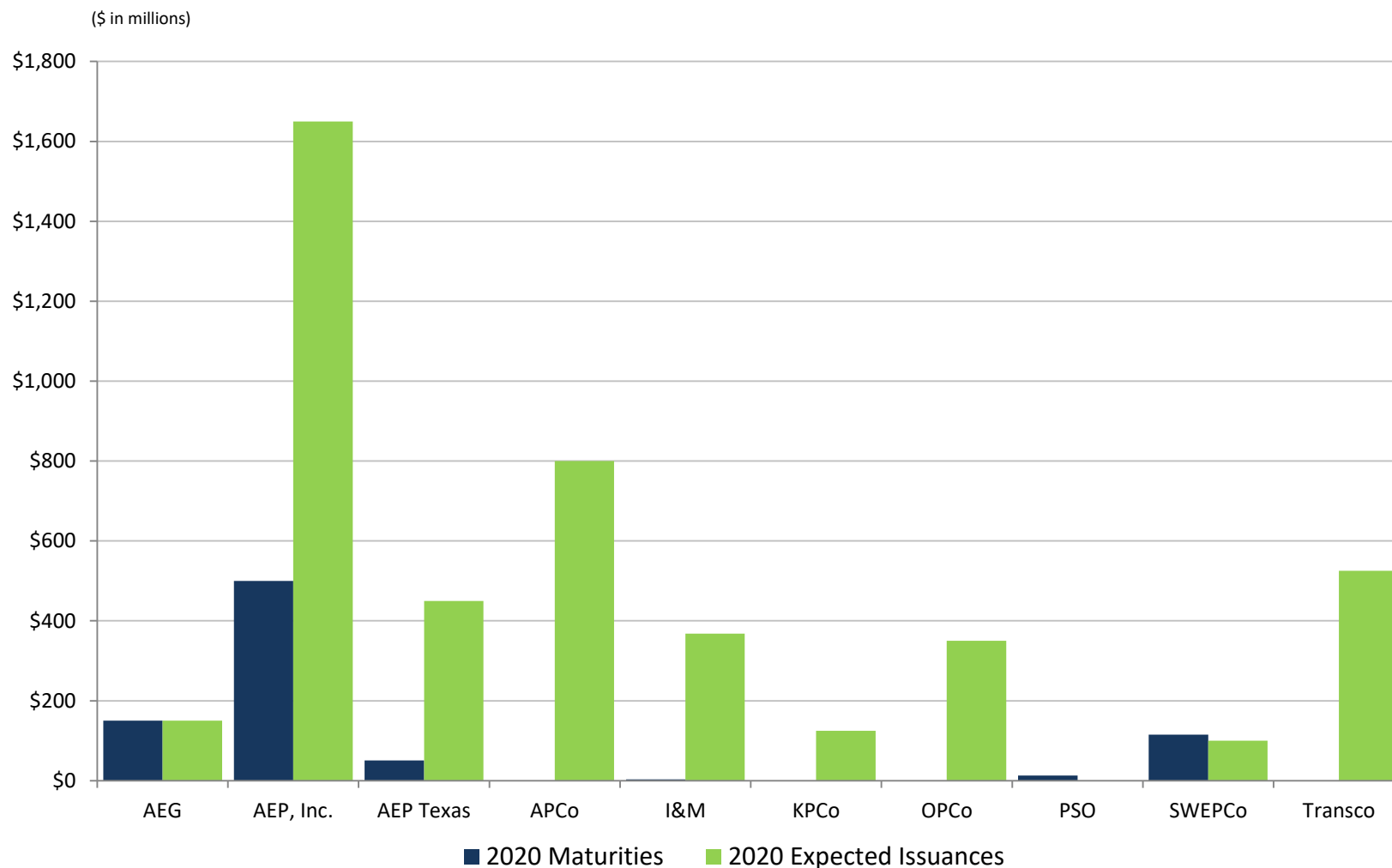
## Qualified Pension Funding



## Liquidity Summary

(unaudited)	6/30/2020 Actual	
\$ in millions	Amount	Maturity
Revolving Credit Facility	\$4,000	Jun-22
364-Day Term Loan	1,000	Mar-21
<b>Plus</b>		
Cash and Cash Equivalents	349	
<b>Less</b>		
Commercial Paper Outstanding	(1,403)	
364-Day Term Loan	(1,000)	
Letters of Credit Issued	-	
<b>Net Available Liquidity</b>	<b>\$2,946</b>	

# 2020 Debt Issuance and Maturities Overview



# Long-Term Debt Maturity Profile



(\$ in millions)

Year	2020	2021	2022	2023	2024	2025
AEP, Inc.	\$ 500.0	\$ 400.0	\$ 1,105.0	\$ -	\$ 299.0	\$ -
AEP Generating Company	\$ 150.0	\$ -	\$ 45.0	\$ -	\$ -	\$ -
AEP Texas <sup>1</sup>	\$ 60.0	\$ -	\$ 625.0	\$ 125.0	\$ -	\$ 300.0
AEP Transmission Company	\$ -	\$ 50.0	\$ 104.0	\$ 60.0	\$ 95.0	\$ 90.0
Appalachian Power <sup>1</sup>	\$ 65.4	\$ 367.5	\$ 329.4	\$ -	\$ 86.0	\$ 300.0
Indiana Michigan Power	\$ 1.3	\$ 296.9	\$ 30.6	\$ 287.7	\$ 47.4	\$ 150.0
Kentucky Power	\$ -	\$ 40.0	\$ 200.0	\$ 65.0	\$ 65.0	\$ -
AEP Ohio	\$ -	\$ 500.0	\$ -	\$ -	\$ -	\$ -
Public Service of Oklahoma	\$ -	\$ 250.0	\$ 125.0	\$ -	\$ -	\$ 125.0
Southwestern Electric Power	\$ -	\$ 100.0	\$ 275.0	\$ -	\$ 25.0	\$ -
Wheeling Power Company	\$ -	\$ -	\$ 178.0	\$ -	\$ -	\$ 122.0
<b>Total</b>	<b>\$ 776.6</b>	<b>\$ 2,004.4</b>	<b>\$ 3,017.0</b>	<b>\$ 537.7</b>	<b>\$ 617.4</b>	<b>\$ 1,087.0</b>

<sup>1</sup> Excludes securitization bonds

Includes mandatory tenders (put bonds)

Data as of June 30, 2020

# AEP Credit Ratings



Company	Moody's		S&P	
	Senior Unsecured	Outlook	Senior Unsecured	Outlook
American Electric Power Company Inc.	Baa2	S	BBB+	S
AEP, Inc. Short Term Rating	P2	S	A2	S
AEP Texas Inc.	Baa2	S	A-	S
AEP Transmission Company, LLC <sup>1</sup>	A2	S	A-	S
Appalachian Power Company <sup>2</sup>	Baa1	S	A-	S
Indiana Michigan Power Company <sup>2</sup>	A3	S	A-	S
Kentucky Power Company	Baa3	S	A-	S
AEP Ohio	A3	S	A-	S
Public Service Company of Oklahoma	Baa1	S	A-	S
Southwestern Electric Power Company	Baa2	S	A-	S
Transource Energy <sup>3</sup>	A2	S	NR	NR

<sup>1</sup> AEP Transmission Co. received a senior unsecured debt rating of A from Fitch. The rating outlook is Stable.

<sup>2</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 and Moody's, respectively.

<sup>3</sup> NR stands for Not Rated.

Ratings current as of September 1, 2020



# ENVIRONMENTAL, SOCIAL & GOVERNANCE



# Delivering Clean Energy Resources

## AEP's September 1, 2020 Renewable Portfolio (in MW)

Hydro, Wind, Solar and Pumped Storage	Owned MW	PPA MW	Total MW
AEP Ohio		209	209
Appalachian Power Company	785	575	1,360
Indiana Michigan Power Company	36	450	486
Public Service Company of Oklahoma		1,137	1,137
Southwestern Electric Power Company		469	469
Competitive Wind, Solar and Hydro	1,536	101	1,637
<b>Total</b>	2,357	2,941	5,298



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





## AEP's Carbon Emission Reduction Goals

**70% by 2030**  
**80% by 2050<sup>1</sup>**

(both from a 2000 baseline)

### Strategy to Achieve

- ❑ Investments in renewable energy within and outside of our traditional service territory
- ❑ Technology deployment (e.g., energy storage)
- ❑ Modernization of the grid with significant investments in transmission and distribution
- ❑ Increased use of natural gas
- ❑ Optimization of our existing generating fleet

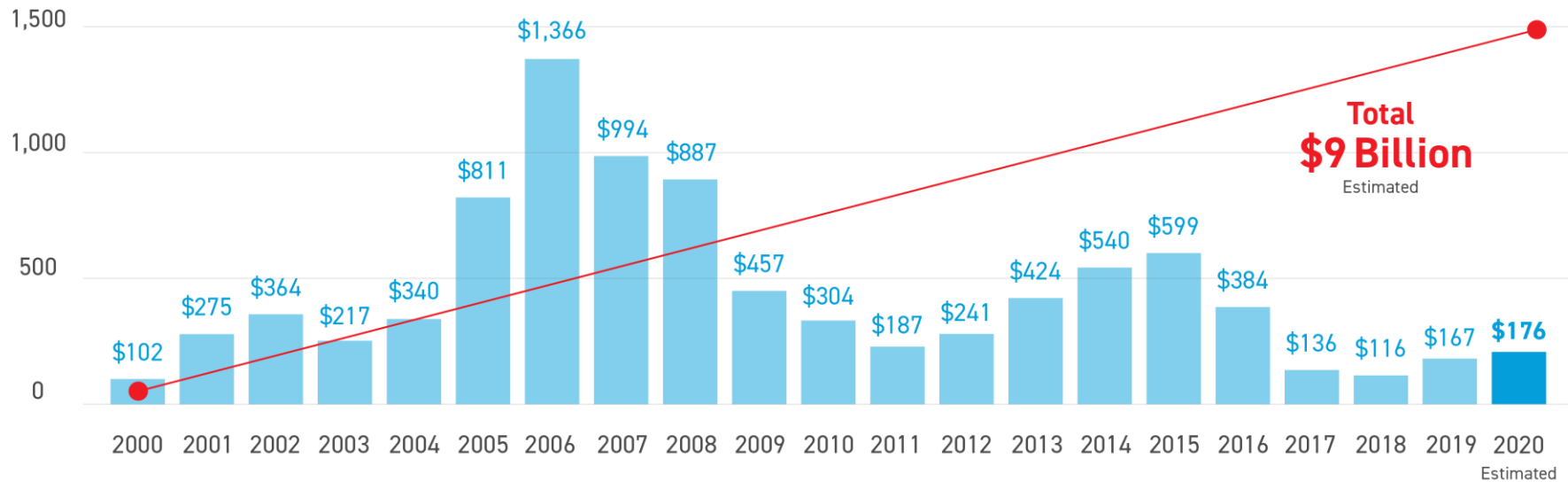
### Environmental, Social and Governance (ESG) Reporting:

- AEP's Corporate Accountability Report
- Clean Energy Strategy: American Electric Power: Strategic Vision for a Clean Energy Future
- EEI ESG Sustainability Reporting: AEP's 2020 EEI ESG Report
- AEP's CDP Survey Responses
- AEP's GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

<sup>1</sup> Aspiration is zero emissions

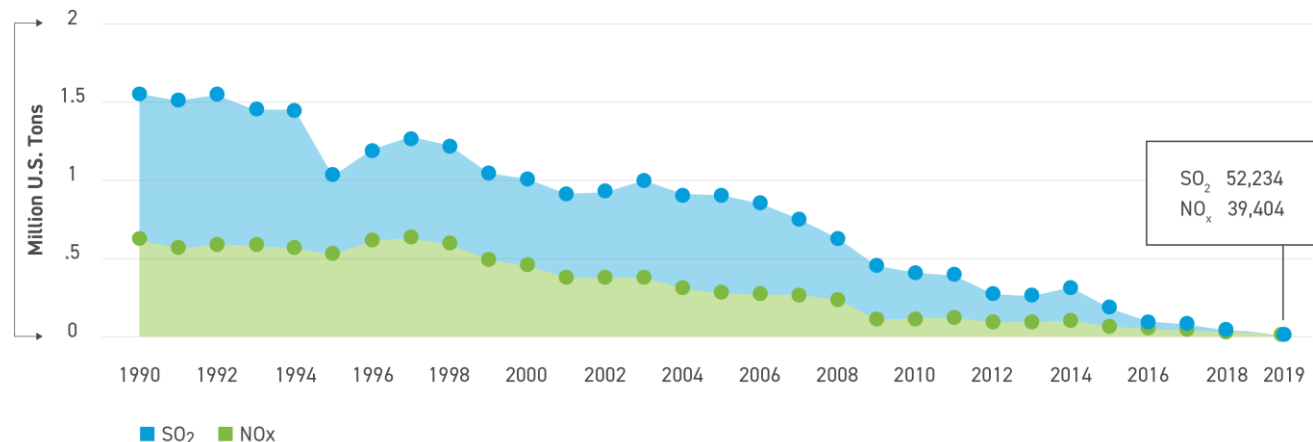
# Largest Investment in Controls

## INVESTMENTS IN ENVIRONMENTAL CONTROLS \$ in millions



# Dramatic Reductions in Emissions

## TOTAL AEP SYSTEM NO<sub>x</sub> & SO<sub>2</sub> EMISSIONS



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

SO<sub>2</sub>

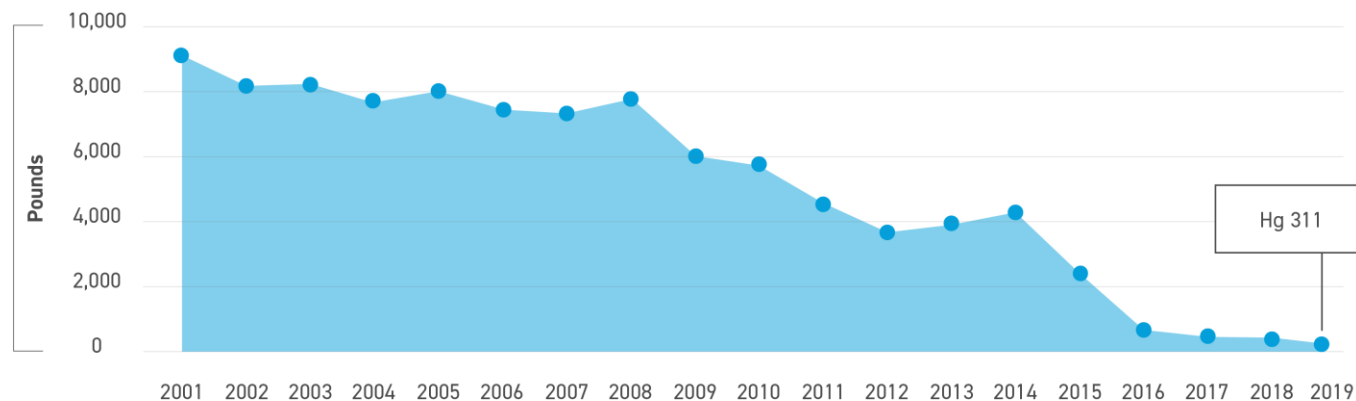
1990-2019  
ACTUAL

97%

NO<sub>x</sub>

94%

## TOTAL AEP SYSTEM MERCURY AIR EMISSIONS



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

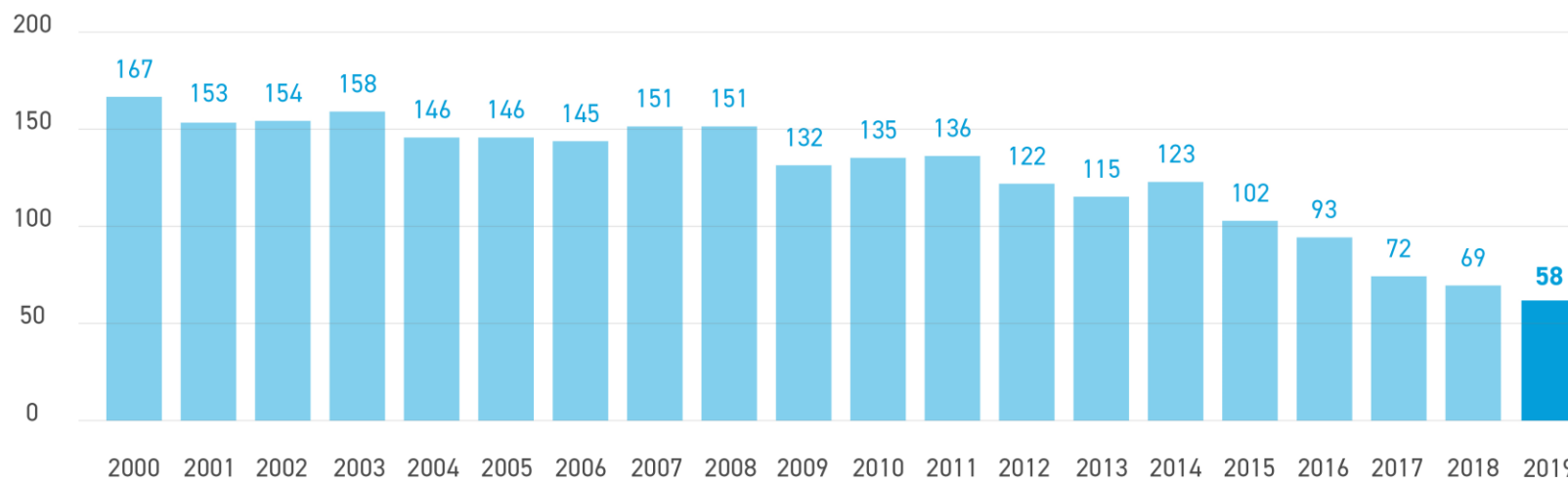
Hg

2001-2019  
ACTUAL

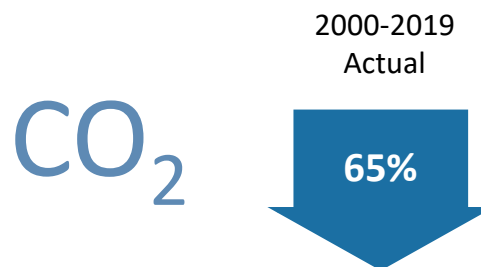
97%

# Dramatic Reductions in Emissions

## TOTAL AEP SYSTEM – ANNUAL CO<sub>2</sub> EMISSIONS in million metric tons



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





# Diversity and Inclusion



## BOARD COMPOSITION

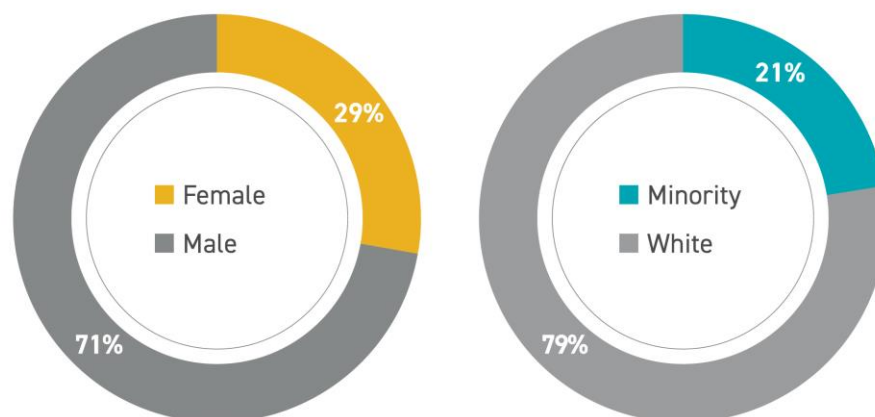
**7 YRS**  
**AVERAGE**  
**TENURE**

**92%**  
**INDEPENDENT**

(12 of 13 directors  
are independent)

**38%**  
**DIVERSE**

## 2020 LEADERSHIP DIVERSITY



Includes AEP's Board of Directors, AEP Leadership and Regional Utility Presidents as of April 30, 2020.