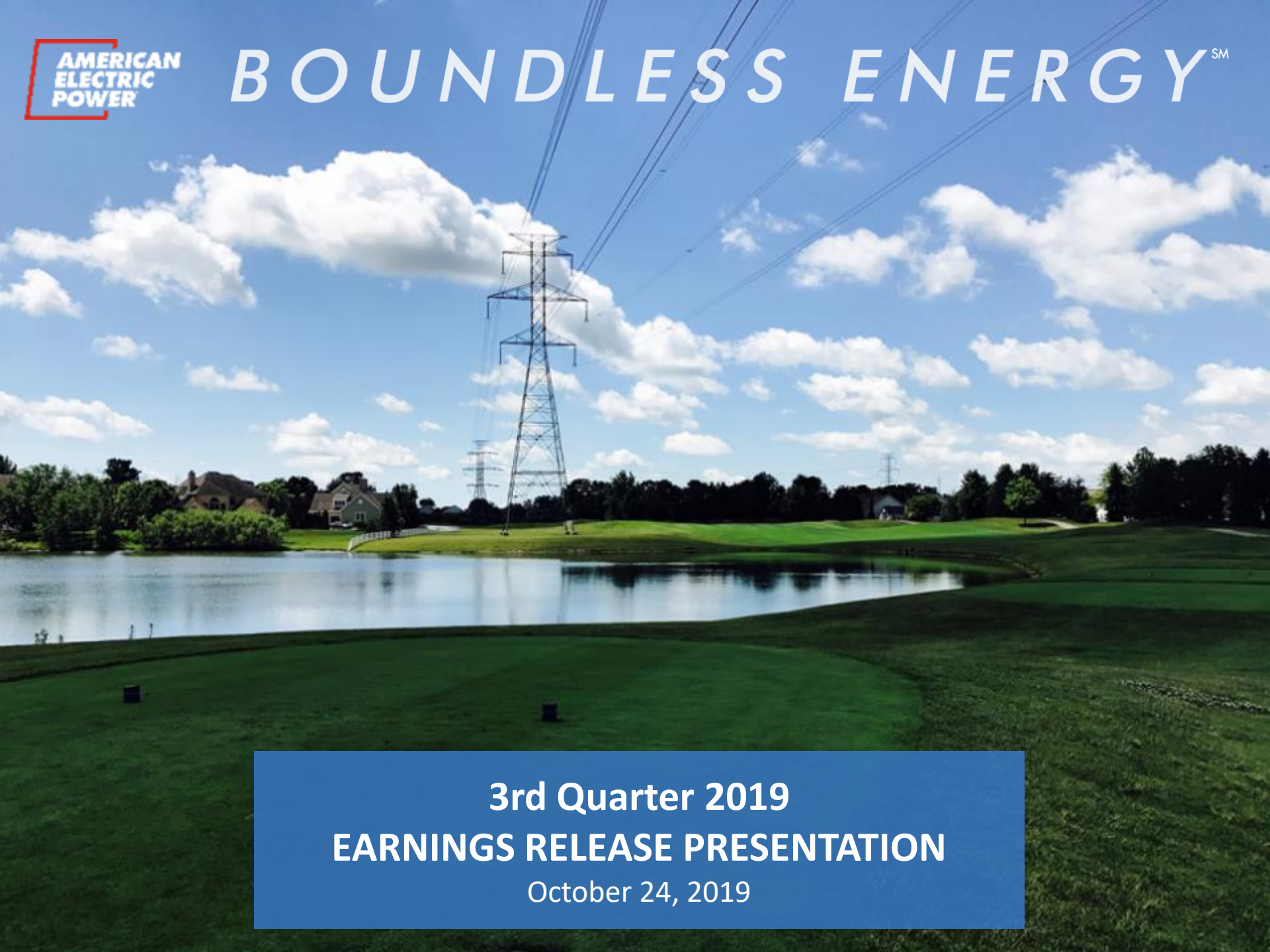




*BOUNDLESS ENERGY*SM



**3rd Quarter 2019
EARNINGS RELEASE PRESENTATION**
October 24, 2019

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

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, 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.

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Non-GAAP Financial Measures

AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO to Total Debt. Operating earnings (non-GAAP) excludes certain gains and losses and other specified items, including mark-to-market adjustments from commodity hedging activities and other items as set forth in the reconciliation in the Appendix. FFO to Total Debt is adjusted for the effects of securitization, spent nuclear fuel trust, capital and operating leases, pension, capitalized interest and changes in working capital. Operating earnings could differ from GAAP earnings for matters such as impairments, divestitures, or changes in accounting principles. AEP management is not able to forecast if any of these items will occur or any amounts that may be reported for future periods. Therefore, AEP is not able to provide a corresponding GAAP equivalent for earnings guidance. Reflecting special items recorded through the third quarter of 2019, the estimated earnings per share on a GAAP basis would be \$4.07 to \$4.17 per share.

This information is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of AEP's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods.

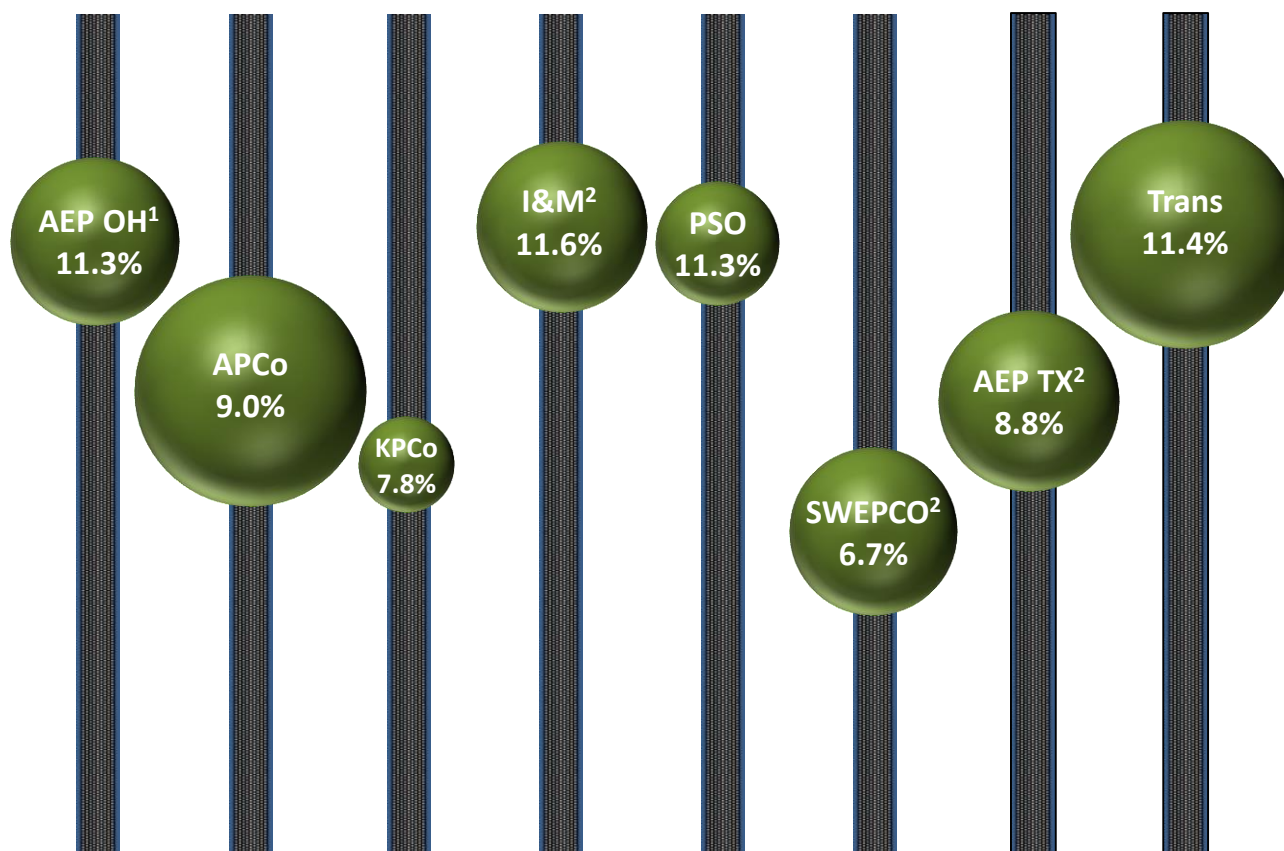
These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. AEP has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These non-GAAP measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided in the materials presented. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are provided in the appendices and supplemental schedules to this presentation.

3rd Quarter 2019 Business Update

- ✓ Narrow and raise 2019 operating earnings guidance range to \$4.14-\$4.24 per share
- ✓ Reaffirm 5%-7% long-term growth rate
- ✓ Two-year average dividend growth of 6.3%, in line with earnings and within targeted payout ratio of 60%-70%
- ✓ Renewables and legislative updates
- ✓ Current rate case activity: Arkansas, Indiana, Michigan and Texas
- ✓ Update on economy

Regulated Returns

Twelve Months Ended 9/30/2019 Earned ROE's (non-GAAP operating earnings, not weather normalized)



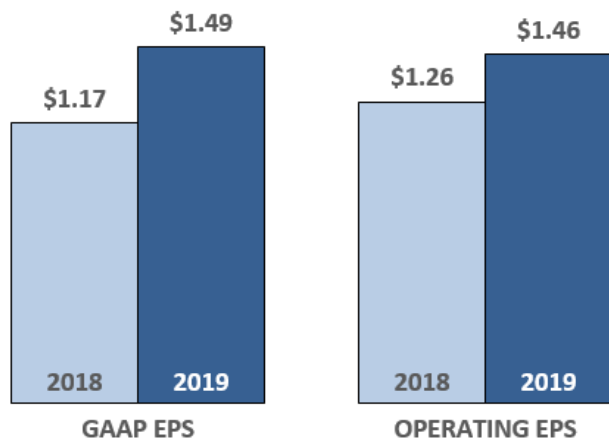
Regulated Operations ROE of 10.1%
as of September 30, 2019

¹ Adjusted to reflect ROE after roll-off of legacy items | ² Current base rate cases

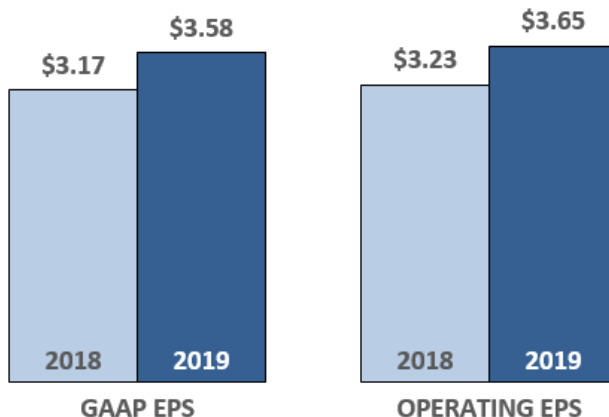
Sphere size based on each company's relative equity balance

3rd Quarter 2019 Financial Update

3rd Quarter 2019



YTD 2019

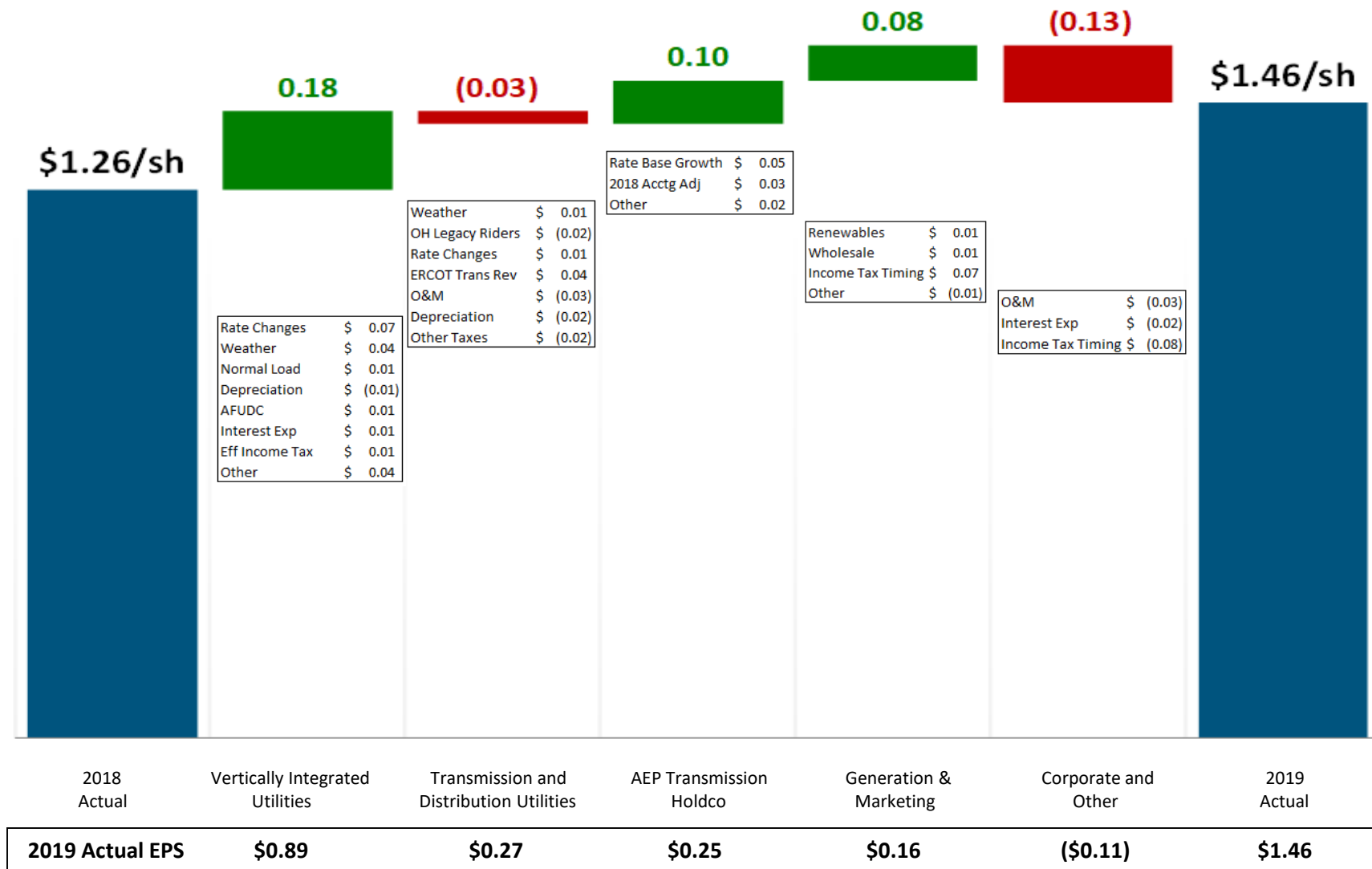


Financial Update

- ✓ Delivered GAAP earnings of \$1.49 per share or \$734M for the third quarter of 2019
- ✓ Delivered operating earnings of \$1.46 per share or \$722M for the third quarter of 2019
- ✓ Delivered GAAP earnings of \$3.58 per share or \$1.8B for YTD September 2019
- ✓ Delivered operating earnings of \$3.65 per share or \$1.8B for YTD September 2019

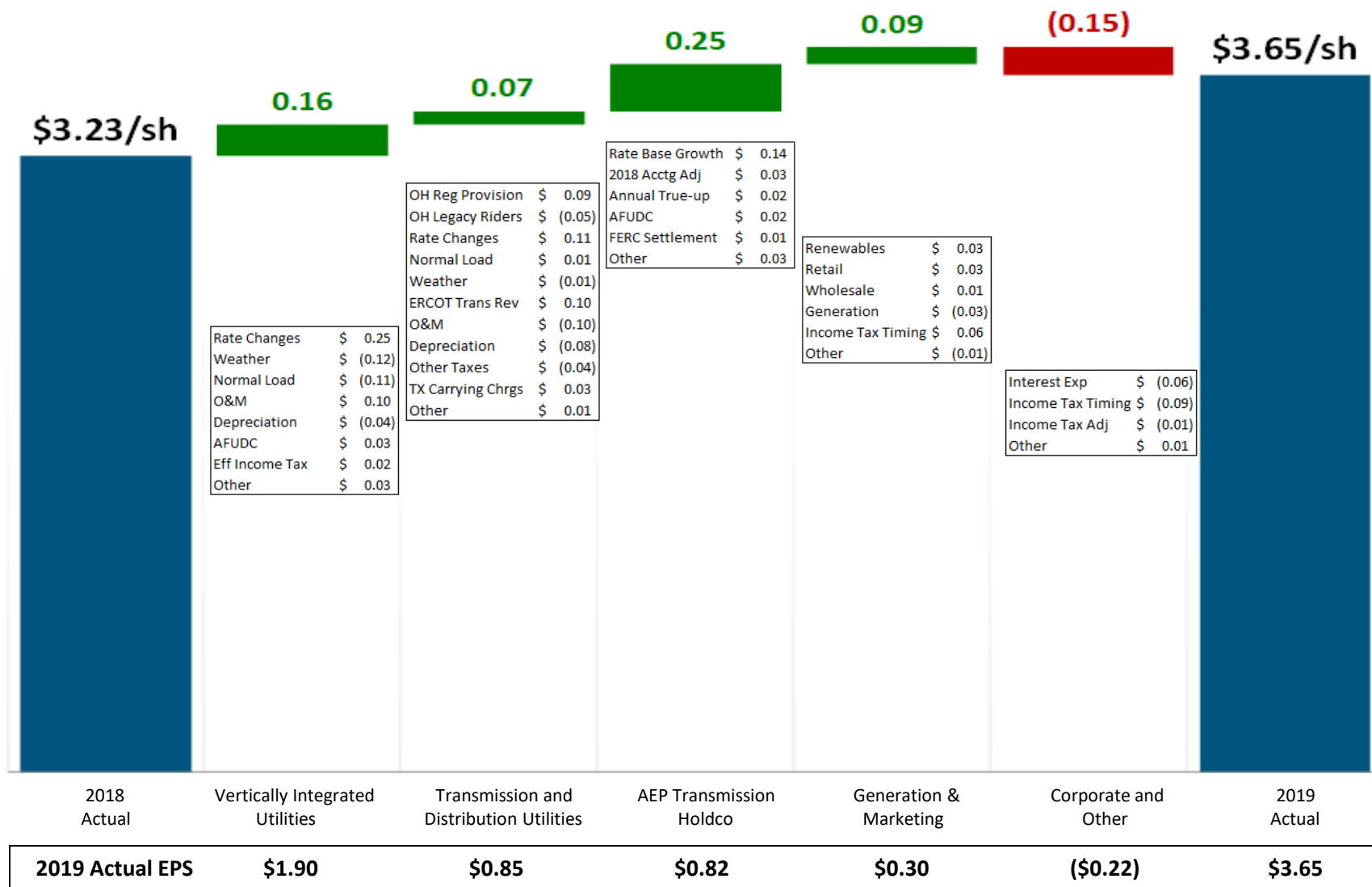
Refer to Appendix for reconciliation between GAAP and Operating EPS

3rd Quarter Operating Earnings Segment Detail



Refer to Appendix for additional explanation of variances by segment

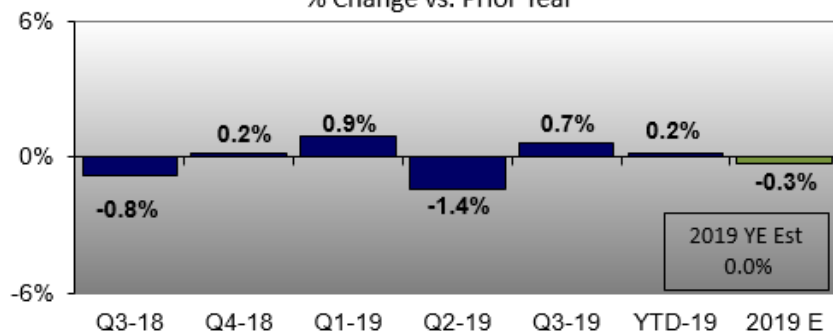
YTD Operating Earnings Segment Detail



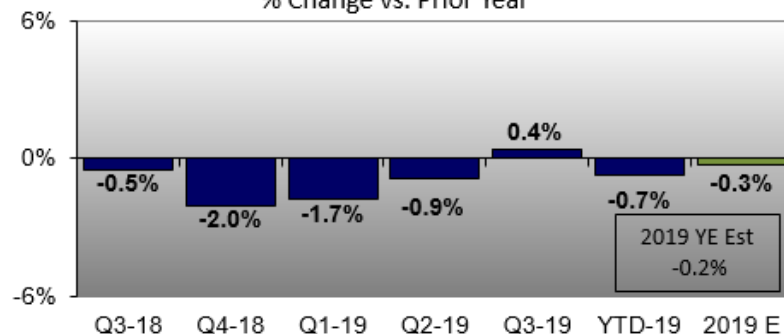
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends

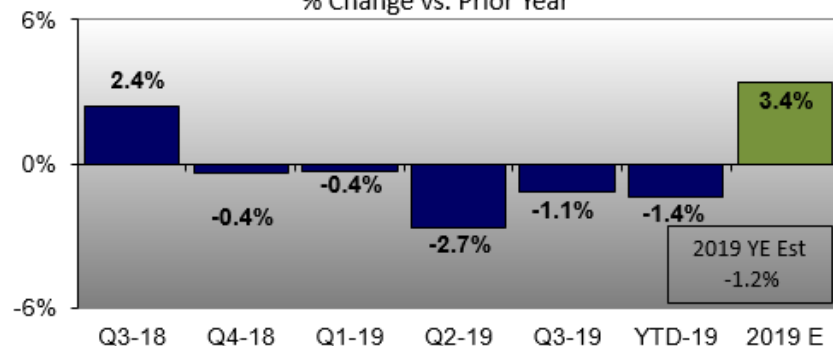
AEP Residential Normalized GWh Sales
% Change vs. Prior Year



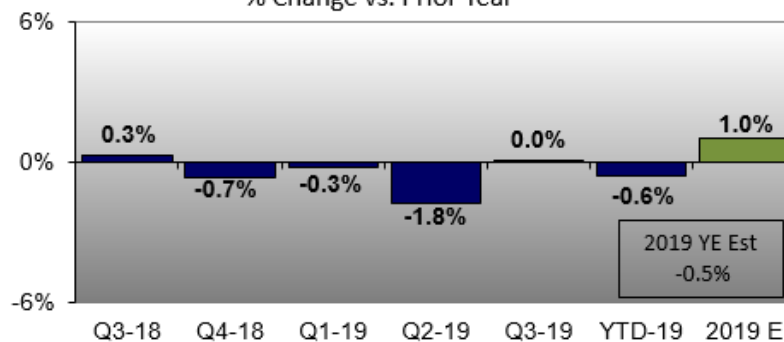
AEP Commercial Normalized GWh Sales
% Change vs. Prior Year



AEP Industrial GWh Sales
% Change vs. Prior Year



AEP Total Normalized GWh Sales
% Change vs. Prior Year

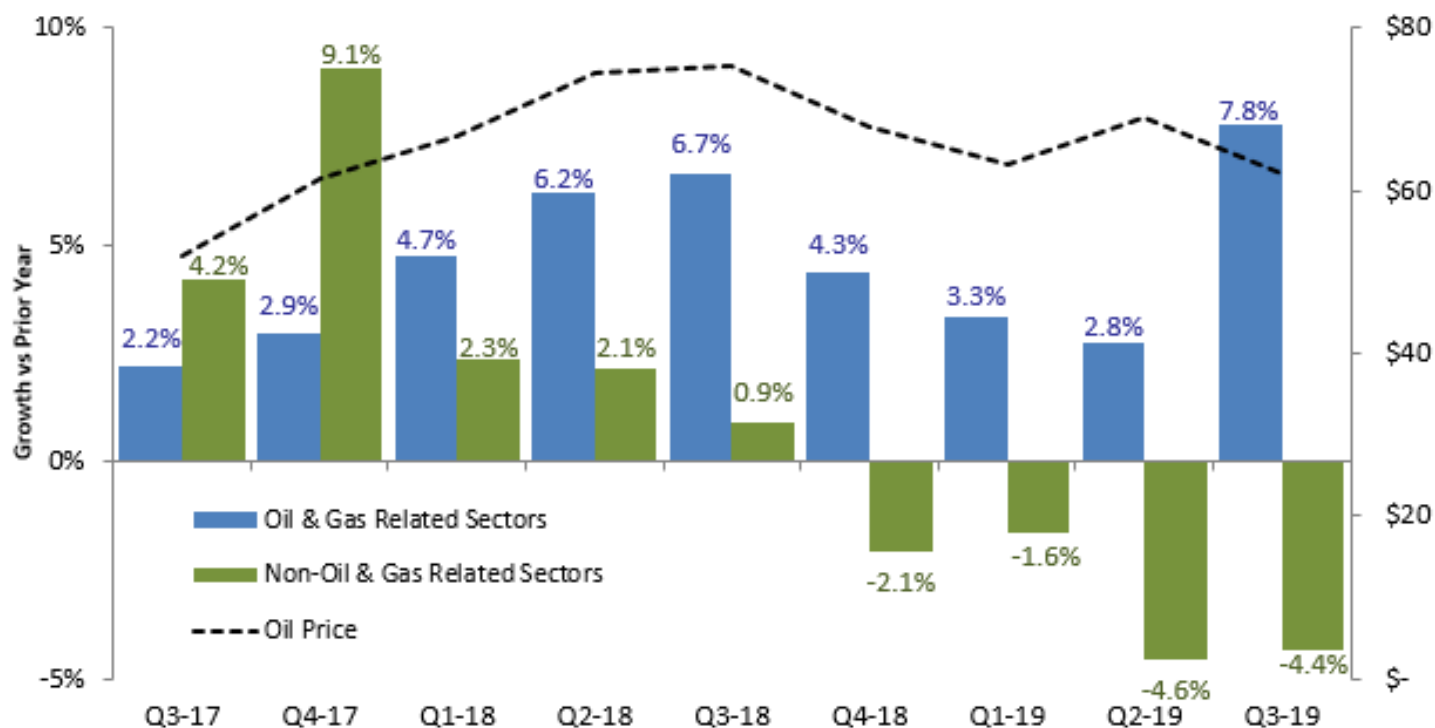


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

Historical and 2019 data adjusted to reflect reclass of industrial and commercial industry codes for certain customers; no revenue or earnings impact.

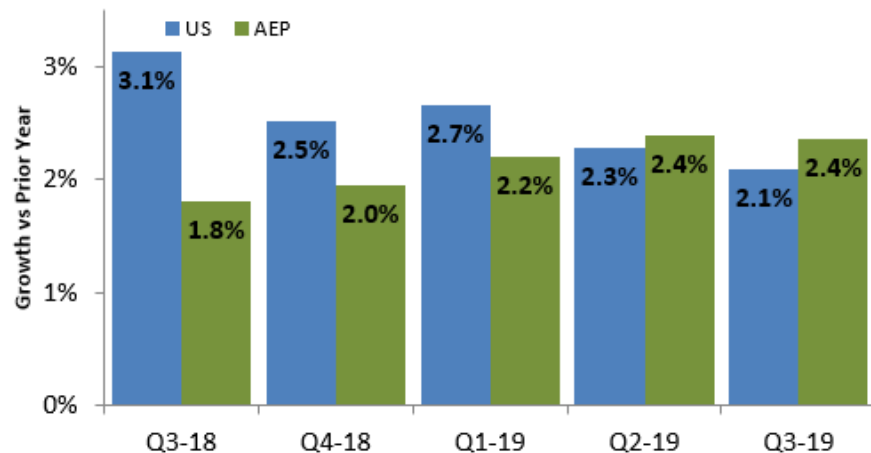
Industrial Sales Growth

AEP Industrial GWh Growth

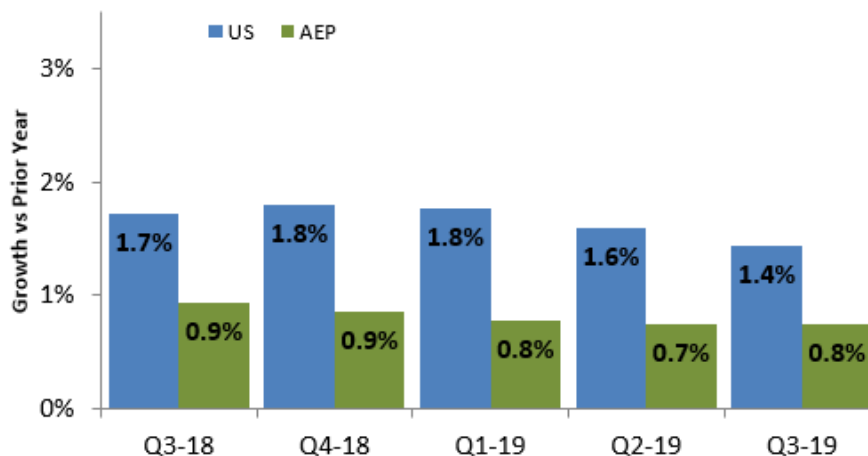


Economic Data – AEP Service Territory

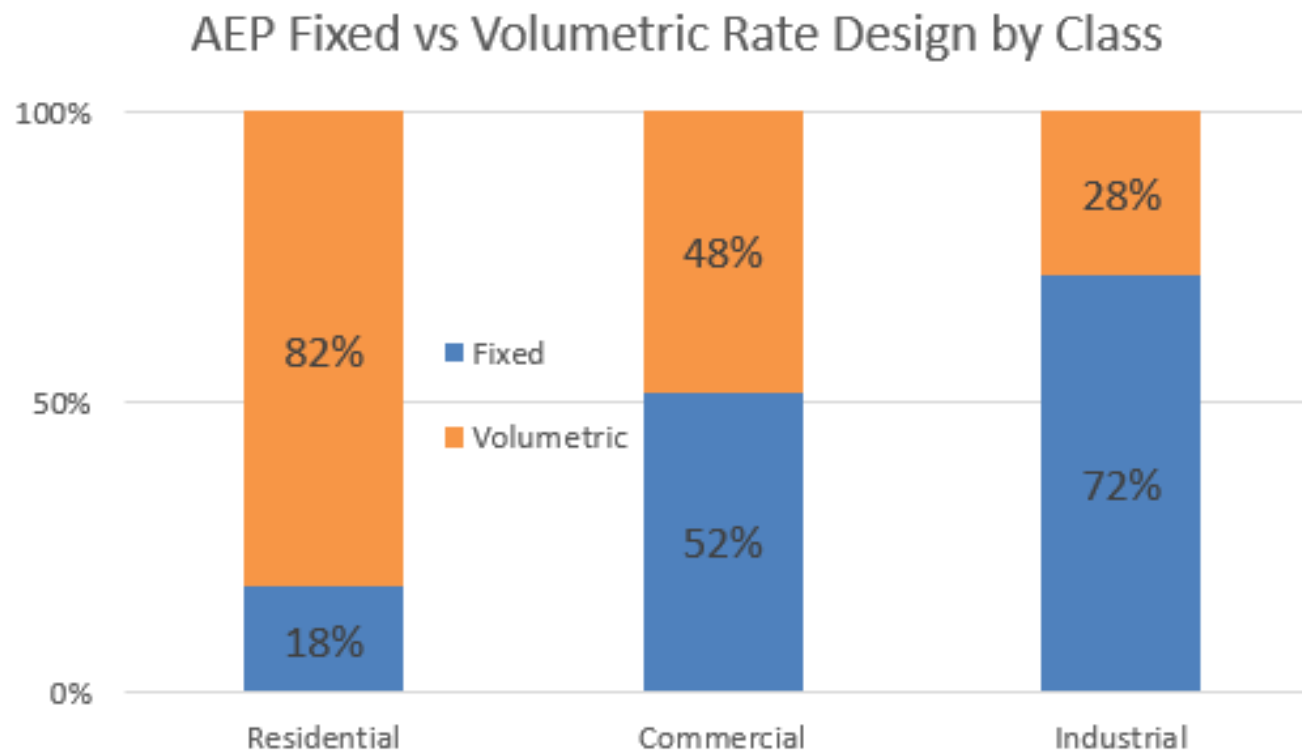
GDP Growth by Quarter



Employment Growth by Quarter



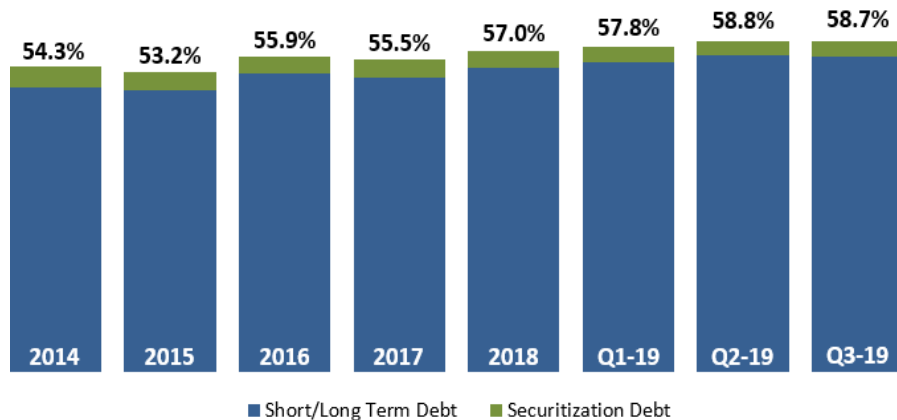
Rate Design by Class



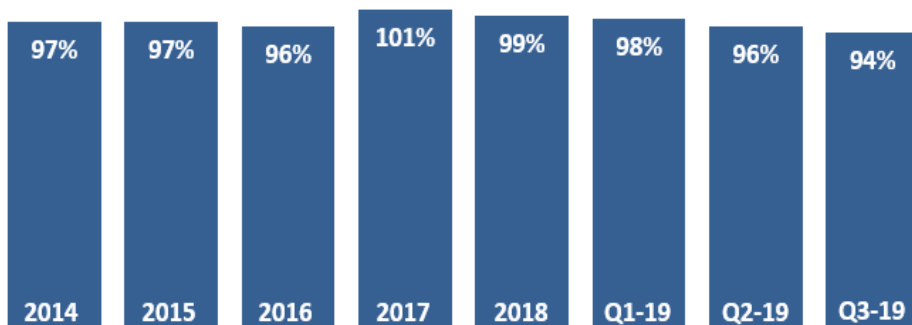
Fixed includes customer and demand charges

Capitalization and Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual	Target
FFO to Total Debt	15.2%	Mid Teens

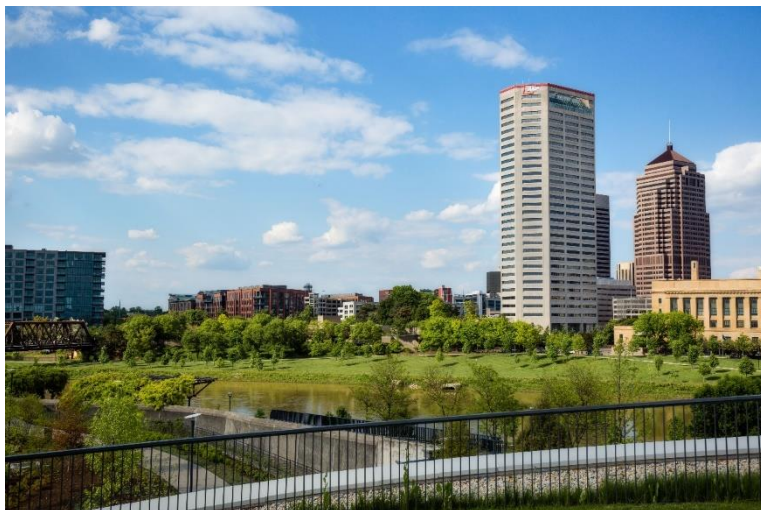
*Represents the trailing 12 months as of 9/30/2019
See Appendix for reconciliation to GAAP*

Liquidity Summary

(unaudited)	9/30/2019 Actual	
\$ in millions	Amount	Maturity
Revolving Credit Facility	\$4,000	Jun-22
Plus		
Cash and Cash Equivalents	349	
Less		
Commercial Paper Outstanding	(1,760)	
Letters of Credit Issued	-	
Net Available Liquidity	\$2,589	

Summary

- ✓ Narrow and raise 2019 operating earnings guidance range to \$4.14-\$4.24 per share
- ✓ Continue strong base plan to support 5%-7% growth rate
- ✓ EEI expectations: detail behind 2020 guidance, 2020 financing detail, cap-ex and cash flow detail



See you in Orlando at EEI!

Appendix

3rd Quarter Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	Q3-18	Q3-19	Change	Q3-18	Q3-19	Change
Reported GAAP Earnings	\$578	\$734	\$156	\$1.17	\$1.49	\$0.32
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	(7)	(12)	(5)	(0.01)	(0.03)	(0.02)
Severance Charges ²	20	-	(20)	0.04	-	(0.04)
Impairment of Racine Hydroelectric Plant ¹	28	-	(28)	0.06	-	(0.06)
AEP Operating Earnings	\$619	\$722	\$103	\$1.26	\$1.46	\$0.20

¹ Items recorded in Generation & Marketing segment

² Items recorded across all segments

YTD Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	YTD-18	YTD-19	Change	YTD-18	YTD-19	Change
Reported GAAP Earnings	\$1,560	\$1,768	\$208	\$3.17	\$3.58	\$0.41
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	1	3	2	-	0.01	0.01
Severance Charges ²	20	19	(1)	0.04	0.04	-
Impairment of Racine Hydroelectric Plant ¹	28	-	(28)	0.06	-	(0.06)
Change in Kentucky State Tax Law ³	(18)	-	18	(0.04)	-	0.04
Acquisition Fees ^{1,3}	-	11	11	-	0.02	0.02
AEP Operating Earnings	\$1,591	\$1,801	\$210	\$3.23	\$3.65	\$0.42

¹ Items recorded in Generation & Marketing segment

² Items recorded across all segments

³ Items recorded in Corporate and Other segment

Vertically Integrated Utilities

3rd Quarter Summary

	Q3-18	Q3-19
\$ in millions (except EPS)		
Operating Revenues	\$2,637	\$2,646
Operating Expenses:		
Energy Costs	(1,035)	(874)
Operations and Maintenance	(749)	(743)
Depreciation and Amortization	(340)	(364)
Taxes Other Than Income Taxes	(109)	(118)
Operating Income	404	547
Net Interest/AFUDC	(136)	(128)
Non-Service Benefit Cost Components	18	17
Income Taxes	62	2
Other	(1)	0
Operating Earnings	347	438
Proforma Adjustments, Net of Tax	(3)	0
GAAP Earnings	\$344	\$438
EPS from Operating Earnings	\$0.71	\$0.89

See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q3-19 vs. Q3-18

- ✓ Rate Changes: \$41M favorable vs. prior year primarily from rate increases at APCo/WPCo, I&M, PSO and SWEPCO
- ✓ Weather: \$23M favorable vs. prior year; \$61M favorable vs. normal
- ✓ Normal Load: \$4M favorable vs. prior year primarily due to higher residential, commercial and industrial sales
- ✓ Depreciation: \$7M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of (0.4%) Q3-19 vs. (21.6%) Q3-18

Vertically Integrated Utilities

YTD Summary

	YTD-18	YTD-19
\$ in millions (except EPS)		
Operating Revenues	\$7,394	\$7,173
Operating Expenses:		
Energy Costs	(2,700)	(2,430)
Operations and Maintenance	(2,193)	(2,094)
Depreciation and Amortization	(966)	(1,080)
Taxes Other Than Income Taxes	(327)	(347)
Operating Income	1,208	1,222
Net Interest/AFUDC	(390)	(379)
Non-Service Benefit Cost Components	53	51
Income Taxes	(14)	43
Other	(2)	(1)
Operating Earnings	855	936
Proforma Adjustments, Net of Tax	(3)	(18)
GAAP Earnings	\$852	\$918
EPS from Operating Earnings	\$1.74	\$1.90

See slide 17 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: YTD-19 vs. YTD-18

- ✓ Rate Changes: \$153M favorable vs. prior year primarily from rate increases at APCo/WPCo, I&M, PSO and SWEPCO
- ✓ Weather: \$73M unfavorable vs. prior year; \$50M favorable vs. normal
- ✓ Normal Load: \$67M unfavorable vs. prior year primarily due to lower residential, commercial and industrial sales
- ✓ O&M: \$59M favorable (net of offsets) vs. prior year primarily due to decreased plant outages and maintenance in addition to the 2018 impact of Wind Catcher expenses
- ✓ Depreciation: \$29M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of (4.8%) YTD-19 vs. 1.6% YTD-18

Transmission and Distribution Utilities

3rd Quarter Summary

	Q3-18	Q3-19
\$ in millions (except EPS)		
Operating Revenues	\$1,211	\$1,187
Operating Expenses:		
Energy Costs	(219)	(210)
Amortization of Generation Deferrals	(57)	(9)
Operations and Maintenance	(418)	(406)
Depreciation and Amortization	(201)	(209)
Taxes Other Than Income Taxes	(143)	(152)
Operating Income	173	201
Net Interest/AFUDC	(54)	(53)
Non-Service Benefit Cost Components	8	8
Income Taxes	20	(22)
Operating Earnings	147	134
Proforma Adjustments, Net of Tax	(2)	0
GAAP Earnings	\$145	\$134
EPS from Operating Earnings	\$0.30	\$0.27

See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q3-19 vs. Q3-18

- ✓ Rate Changes: \$7M unfavorable primarily from the roll off Ohio PIRR and RSR, partially offset by the Ohio DIR and gridSMART
- ✓ Weather: \$8M favorable vs. prior year; \$10M favorable vs. normal
- ✓ Normal Load: \$7M favorable vs. prior year due to higher residential and industrial sales
- ✓ ERCOT Transmission Revenue: \$24M favorable due to recovery of increased transmission investment
- ✓ O&M: \$20M unfavorable (net of offsets) vs. prior year primarily due to the PJM annual formula rate true-up
- ✓ Depreciation: \$15M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of 14.3% Q3-19 vs. (15.4%) Q3-18

Transmission and Distribution Utilities

YTD Summary

	YTD-18	YTD-19
\$ in millions (except EPS)		
Operating Revenues	\$3,511	\$3,454
Operating Expenses:		
Energy Costs	(660)	(603)
Amortization of Generation Deferrals	(172)	(65)
Operations and Maintenance	(1,149)	(1,223)
Depreciation and Amortization	(559)	(586)
Taxes Other Than Income Taxes	(413)	(437)
Operating Income	558	540
Net Interest/AFUDC	(159)	(144)
Non-Service Benefit Cost Components	25	23
Income Taxes	(37)	3
Operating Earnings	387	422
Proforma Adjustments, Net of Tax	(2)	0
GAAP Earnings	\$385	\$422
EPS from Operating Earnings	\$0.78	\$0.85

See slide 17 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: YTD-19 vs. YTD-18

- ✓ Ohio Regulatory Provision: \$58M favorable due to reversal of the 2016 SEET provision
- ✓ Rate Changes: \$35M favorable primarily from the Ohio DIR and gridSMART in addition to the Texas Distribution Cost Recovery Factor, partially offset from the roll off of the Ohio PIRR and RSR
- ✓ Weather: \$5M unfavorable vs. prior year; \$9M favorable vs. normal
- ✓ Normal Load: \$4M favorable vs. prior year due to higher residential and industrial sales
- ✓ ERCOT Transmission Revenue: \$62M favorable due to recovery of increased transmission investment
- ✓ O&M: \$60M unfavorable (net of offsets) vs. prior year primarily due to the PJM annual formula rate true-up
- ✓ Depreciation: \$51M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Carrying Charges: \$21M favorable vs. prior year primarily due to the recovery of debt carrying charges approved in Texas
- ✓ Income Taxes: actual rate of (0.6%) YTD-19 vs. 8.8% YTD-18

AEP Transmission Holdco

3rd Quarter Summary

	Q3-18	Q3-19
\$ in millions (except EPS)		
Operating Revenues	\$187	\$273
Operating Expenses:		
Operations and Maintenance	(30)	(32)
Depreciation and Amortization	(34)	(47)
Taxes Other Than Income Taxes	(37)	(44)
Operating Income	86	150
Net Interest/AFUDC	(10)	(6)
Income Taxes	(19)	(35)
Equity Earnings	17	18
Other	(1)	(1)
Operating and GAAP Earnings	\$73	\$126
EPS from Operating Earnings	\$0.15	\$0.25

Key Drivers: Q3-19 vs. Q3-18

- ✓ \$53M favorable Operating Earnings vs. prior year primarily due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos in addition, the FERC settlement and annual true-up and a prior year accounting adjustment

AEP Transmission Holdco

YTD Summary

	YTD-18	YTD-19
\$ in millions (except EPS)		
Operating Revenues	\$605	\$808
Operating Expenses:		
Operations and Maintenance	(76)	(77)
Depreciation and Amortization	(100)	(134)
Taxes Other Than Income Taxes	(106)	(130)
Operating Income	323	467
Net Interest/AFUDC	(20)	(10)
Non-Service Benefit Cost Components	1	2
Income Taxes	(75)	(106)
Equity Earnings	52	55
Other	(3)	(3)
Operating and GAAP Earnings	\$278	\$405
EPS from Operating Earnings	\$0.57	\$0.82

Key Drivers: YTD-19 vs. YTD-18

- ✓ \$127M favorable Operating Earnings vs. prior year primarily due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos in addition, the FERC settlement and annual true-up and a prior year accounting adjustment

Generation & Marketing

3rd Quarter Summary

	Q3-18	Q3-19
\$ in millions (except EPS)		
Operating Revenues	\$514	\$519
Operating Expenses:		
Energy Costs	(405)	(404)
Operations and Maintenance	(51)	(44)
Depreciation and Amortization	(12)	(21)
Taxes Other Than Income Taxes	(3)	(4)
Operating Income	43	46
Net Interest/AFUDC	-	(8)
Non-Service Benefit Cost Components	4	4
Income Taxes	(6)	39
Other	-	(3)
Operating Earnings	41	78
Proforma Adjustments, Net of Tax	(36)	12
GAAP Earnings	\$5	\$90
EPS from Operating Earnings	\$0.08	\$0.16

See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q3-19 vs. Q3-18

- ✓ Generation decreased 370 GWh (19%) Q3-19 vs. Q3-18 primarily due to retirement Conesville Plant Units 5 and 6 in May 2019
- ✓ AEP Dayton ATC liquidations down 18%: \$26.66/MWh in Q3-19 vs. \$32.49/MWh in Q3-18
- ✓ Income Taxes: actual rate of (105.2%) Q3-19 vs. 12.7% Q3-18

Generation & Marketing

YTD Summary

	YTD-18	YTD-19
\$ in millions (except EPS)		
Operating Revenues	\$1,488	\$1,433
Operating Expenses:		
Energy Costs	(1,168)	(1,118)
Operations and Maintenance	(175)	(151)
Depreciation and Amortization	(26)	(49)
Taxes Other Than Income Taxes	(10)	(12)
Operating Income	109	103
Net Interest/AFUDC	(2)	(15)
Non-Service Benefit Cost Components	11	11
Income Taxes	(15)	49
Other	1	1
Operating Earnings	104	149
Proforma Adjustments, Net of Tax	(42)	(9)
GAAP Earnings	\$62	\$140
EPS from Operating Earnings	\$0.21	\$0.30


See slide 17 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: YTD-19 vs. YTD-18


- ✓ Generation decreased 1,953 GWh (31%) YTD-19 vs. YTD-18 primarily due to retirements of Stuart Plant in May 2018 and Conesville Plant Units 5 and 6 in May 2019
- ✓ AEP Dayton ATC liquidations down 22%: \$26.89/MWh in YTD-19 vs. \$34.52/MWh in YTD-18
- ✓ Income Taxes: actual rate of (53.0%) YTD-19 vs. 12.6% YTD-18

3rd Quarter Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (\$ in millions)
	Q3-19 vs. Q3-18
APCo/WPCo	\$8
I&M	\$15
KPCo	-
PSO	\$14
SWEPCO	\$3
Kingsport	\$1
TOTAL	\$41
Impact on EPS	 \$0.07


Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions)
	Q3-19 vs. Q3-18
AEP Ohio ¹	(\$9)
AEP Texas	\$2
TOTAL	(\$7)
Impact on EPS	 \$0.01


¹ Includes impact of Ohio legacy riders

YTD Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (\$ in millions)
	YTD-19 vs. YTD-18
APCo/WPCo	\$38
I&M	\$73
KPCo	-
PSO	\$35
SWEPCO	\$6
Kingsport	\$1
TOTAL	\$153
Impact on EPS	 \$0.25



Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions)
	YTD-19 vs. YTD-18
AEP Ohio ¹	\$27
AEP Texas	\$8
TOTAL	\$35
Impact on EPS	 \$0.06



¹ Includes impact of Ohio legacy riders

3rd Quarter Weather Impact

Vertically Integrated Utilities



	Weather Impact (\$ in millions)	
	Q3-19 vs. Q3-18	Q3-19 vs. Normal
APCo/WPCo	\$10	\$25
I&M	(\$3)	\$12
KPCo	\$1	\$4
PSO	\$10	\$11
SWEPSCO	\$5	\$9
Kingsport	-	-
TOTAL	\$23	\$61
Impact on EPS	 \$0.04	 \$0.10

Transmission and Distribution Utilities



	Weather Impact (\$ in millions)	
	Q3-19 vs. Q3-18	Q3-19 vs. Normal
AEP Ohio	-	-
AEP Texas	\$8	\$10
TOTAL	\$8	\$10
Impact on EPS	 \$0.01	 \$0.02

YTD Weather Impact

Vertically Integrated Utilities


	Weather Impact (\$ in millions)	
	YTD-19 vs. YTD-18	YTD-19 vs. Normal
APCo/WPCo	(\$23)	\$23
I&M	(\$19)	\$10
KPCo	(\$6)	\$2
PSO	(\$11)	\$10
SWEPCO	(\$14)	\$5
Kingsport	-	-
TOTAL	(\$73)	\$50
Impact on EPS	 \$0.12	 \$0.08

Transmission and Distribution Utilities


	Weather Impact (\$ in millions)	
	YTD-19 vs. YTD-18	YTD-19 vs. Normal
AEP Ohio	-	-
AEP Texas	(\$5)	\$9
TOTAL	(\$5)	\$9
Impact on EPS	 \$0.01	 \$0.01

3rd Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load ¹ (weather normalized)
	Q3-19 vs. Q3-18
APCo/WPCo	(0.6%)
I&M	(2.7%)
KPCo	(1.5%)
PSO	1.6%
SWEPCO	(1.0%)
Kingsport	(4.5%)
TOTAL	(0.7%)
Impact on EPS ²	

Transmission and Distribution Utilities


	Retail Load ¹ (weather normalized)
	Q3-19 vs. Q3-18
AEP Ohio	0.6%
AEP Texas	1.2%
TOTAL	0.9%
Impact on EPS ²	

¹ Includes load on a billed basis only, excludes firm wholesale load and accrued sales


² Includes EPS impact of accrued revenues

YTD Retail Load Performance

Vertically Integrated Utilities

	Retail Load ¹ (weather normalized)
	YTD-19 vs. YTD-18
APCo/WPCo	(1.0%)
I&M	(2.1%)
KPCo	(1.9%)
PSO	0.4%
SWEPCO	(0.8%)
Kingsport	(3.6%)
TOTAL	(1.0%)
Impact on EPS ²	 \$0.11

Transmission and Distribution Utilities

	Retail Load ¹ (weather normalized)
	YTD-19 vs. YTD-18
AEP Ohio	(0.1%)
AEP Texas	(0.1%)
TOTAL	(0.1%)
Impact on EPS ²	 \$0.01

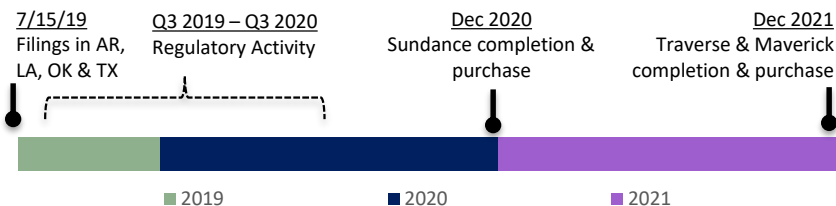
¹ Includes load on a billed basis only, excludes firm wholesale load and accrued sales

² Includes EPS impact of accrued revenues

North Central Wind Overview



Jurisdiction (Docket #)	MW	% of Project
PSO (PUD 2019-00048)	675	45.5%
SWEPCO – AR (19-035-U)	155	10.4%
SWEPCO – LA (U-35324)	268	18.1%
SWEPCO – TX (49737)	309	20.8%
SWEPCO - FERC	78	5.2%
Total:	1,485	100%



SWEPCO and PSO Regulated Wind Investment Opportunity

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	EOY 2020 (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			

- ❑ Regulated rate base wind investment opportunity with ability to meaningfully reduce customer rates
 - Acquiring facilities on a fixed cost, turn-key basis at completion
 - Contingent upon satisfactory regulatory approvals
- ❑ Investment not included in the Company's current capital expenditure plan
- ❑ Acquisition can be scaled, subject to commercial limitations, to align with individual state resource needs and approvals

North Central Wind – Procedural Schedules

Jurisdiction (Docket #)	Intervenor Testimony	Staff Testimony	Rebuttal Testimony	Settlement Conference	Hearing
PSO (PUD 2019-00048) ¹	November 1, 2019	November 1, 2019	November 22, 2019	December 12, 2019	January 13, 2020
SWEPCO – AR (19-035-U)	December 13, 2019	December 13, 2019	January 17, 2020	N/A	March 10, 2020
SWEPCO – LA (U-35324)	February 7, 2020	February 7, 2020	March 9, 2020	N/A	March 25, 2020
SWEPCO – TX (49737) ²	January 14, 2020	January 22, 2020	February 12, 2020	N/A	February 24, 2020

¹ Oklahoma has a 240-day statutory timeline for issuing an order, making the requested approval date March 11, 2020

² Texas has a 365-day statutory timeline for issuing an order, making the requested approval date July 15, 2020 (366 days, 2020 is a leap year)

Current Rate Case Activity

AEP Texas

Docket #: 49494
 Filing Date: 05/01/2019
 Requested Rate Base: \$5.0B
 Requested ROE: 10.5%
 Cap Structure: 55%D / 45%E
 Revenue Increase: \$35M
 Test Year: 12/31/2018

Procedural Schedule:
 Expected Effective Date: First quarter 2020
 (Awaiting Order)



I&M – Indiana

Docket #: 45235
 Filing Date: 05/14/2019
 Requested Rate Base: \$4.9B
 Requested ROE: 10.5%
 Cap Structure: 53.2%D / 46.8%E
 Gross Revenue Increase: \$172M
 (Less \$78M D&A)
 Net Revenue Increase: \$94M
 Test Year: 2020 Forecasted

Procedural Schedule:
 Hearing: 10/07/2019
 Expected Effective Date: March 2020



Current Rate Case Activity (continued)

I&M – Michigan

Docket #: U-20359
 Filing Date: 06/24/2019
 Requested Rate Base: \$1.2B
 Requested ROE: 10.5%
 Cap Structure: 53.6%D / 46.4%E
 Gross Revenue Increase: \$58M
 (Less \$6M D&A)
 Net Revenue Increase: \$52M
 Test Year: 2020 Forecasted

Procedural Schedule:

Staff and Intervenor Testimony 10/17/2019
 Rebuttal Testimony 11/12/2019
 Hearing 11/21/2019
 Expected Commission Order 04/24/2020



SWEPCO – Arkansas

Docket #: 19-008-U
 Filing Date: 02/28/2019
 Requested Rate Base: \$1.2B
 Requested ROE: 10.5%
 Cap Structure: 49.5%D / 50.5%E
 Gross Revenue Increase: \$46M¹
 (Less \$12M D&A)
 Net Revenue Increase: \$34M
 Test Year: 12/31/2018

Settlement Summary

Unanimous Settlement Filed: 10/15/2019
 (Awaiting Order)
 ROE: 9.45%
 Cap Structure: 52.1%D / 47.9%E
 Gross Revenue Increase: \$24M¹
 (Less \$6M D&A)
 Net Revenue Increase: \$18M
 Expected Effective Date: January 2020
 Formula Rate Plan (5 Year Term)

¹ Does not include \$29M of current riders moving to base rates



AEP and Effective Tax Rates

Q3-19 Effective Tax Rate Reconciliation

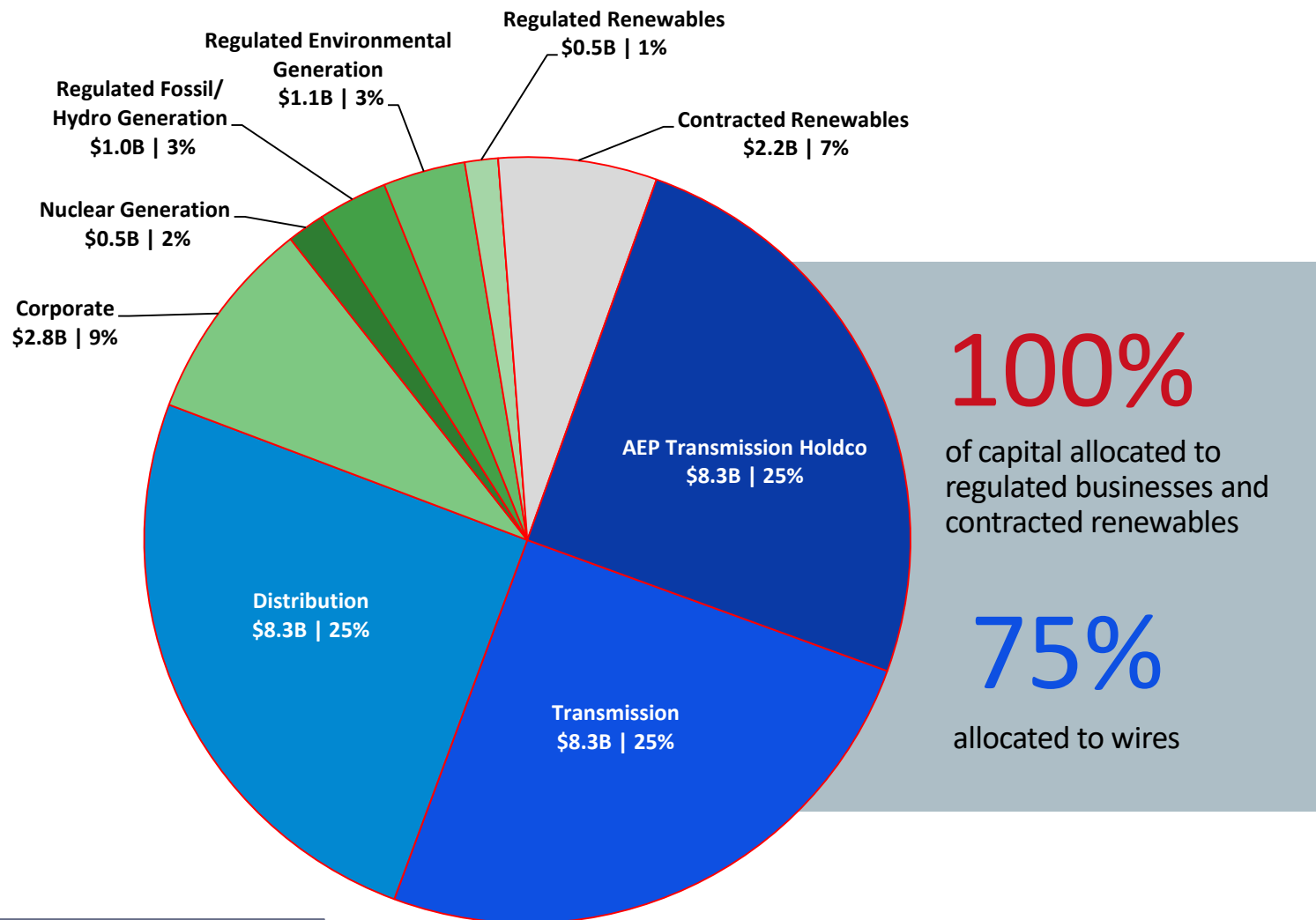
Q3-19	Amount (\$ in millions)	Tax Rate
Pre-tax Income	\$760	
Tax at Federal Rate	\$160	21%
Tax at State Rate	\$20	3%
Tax Credits and Amortization	(\$30)	(4%)
Excess Protected and Unprotected	(\$92)	(12%)
Other	(\$18)	(2%)
Tax Expense (Benefit) ¹	\$41	5.4%

Estimated 2019 and Future Cash Tax Rates

Description	2019 (\$ in millions)	Future
Consolidated Federal Taxable Income	\$587	
Federal Income Tax Liability before Energy Credits	\$123	
Renewable Energy Credits	(\$93)	
Federal Income Tax Liability after Energy Credits	\$30	
Cash Effective Tax Rate after Energy Credits (Tax Rate after 75% Limitation)	5.25%	5.25%
Other Tax Credit Carryover Utilized	(\$20)	Not Applicable
Federal Income Tax Liability after Other Tax Credit	\$10	
Cash Effective Tax Rate	1.42%	5.25%

¹ Does not foot due to rounding

2019-2023 Capital Forecast: Total \$33B



Focus on wires and renewables

Cash Flows and Financial Metrics

\$ in millions	2019E	2020E	2021E	2022E
Cash from Operations	\$ 4,700	\$ 4,900	\$ 5,300	\$ 5,800
Capital & JV Equity Contributions	(7,300)	(5,800)	(6,100)	(6,500)
Other Investing Activities	(300)	(400)	(100)	(100)
Common Dividends	(1,300)	(1,300)	(1,300)	(1,400)
Excess (Required) Capital	\$ (4,200)	\$ (2,600)	\$ (2,200)	\$ (2,200)
Financing				
Excess (Required) Capital	\$ (4,200)	\$ (2,600)	\$ (2,200)	\$ (2,200)
Debt Maturities (Senior Notes, PCRBs)	(1,100)	(900)	(1,500)	(1,600)
Securitization Amortizations	(300)	(200)	(100)	(100)
Equity Units	800	-	-	-
Equity Units Conversion	-	-	-	800
Equity Issuances - Includes DRP/401(k)	100	100	100	500
Debt Capital Market Needs (New)	\$ (4,700)	\$ (3,600)	\$ (3,700)	\$ (2,600)
Financial Metrics				
Debt to Capitalization (GAAP)	55% - 60%			
FFO/Total Debt (Moody's)	Mid Teens			

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

GAAP to Non-GAAP Reconciliations and Ratios

Adjusted FFO Calculation

	12 Months Ended 9/30/19
	\$ in millions
Cash Flow From Operations	\$4,639
Adjustments:	
Changes in Working Capital	(4)
Capitalized Interest	(87)
Securitization Amortization	(306)
Operating Lease Depreciation	56
Adjusted Funds from Operations (FFO)	\$4,298

Adjusted Total Debt Calculation

	As of 9/30/19
	\$ in millions
GAAP Total Debt (incl. current maturities)	\$28,391
Less:	
Securitization Bonds	(1,064)
Spent Nuclear Fuel Trust	(278)
Equity Units Capital Adjust (25%)	(201)
Add:	
Finance Lease Obligations	315
Pension	114
Operating Leases	1,030
Adjusted Total Debt (Non-GAAP)	\$28,307

FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4,298}{\$28,307} = 15.2\%$$