



3rd Quarter 2020
Earnings Release Presentation
October 22, 2020

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

Darcy Reese
Managing Director
Investor Relations
614-716-2614
dlreese@aep.com

Tom Scott
Director
Investor Relations
614-716-2686
twscott@aep.com

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 2020, the estimated earnings per share on a GAAP basis would be \$4.25 to \$4.45 per share.

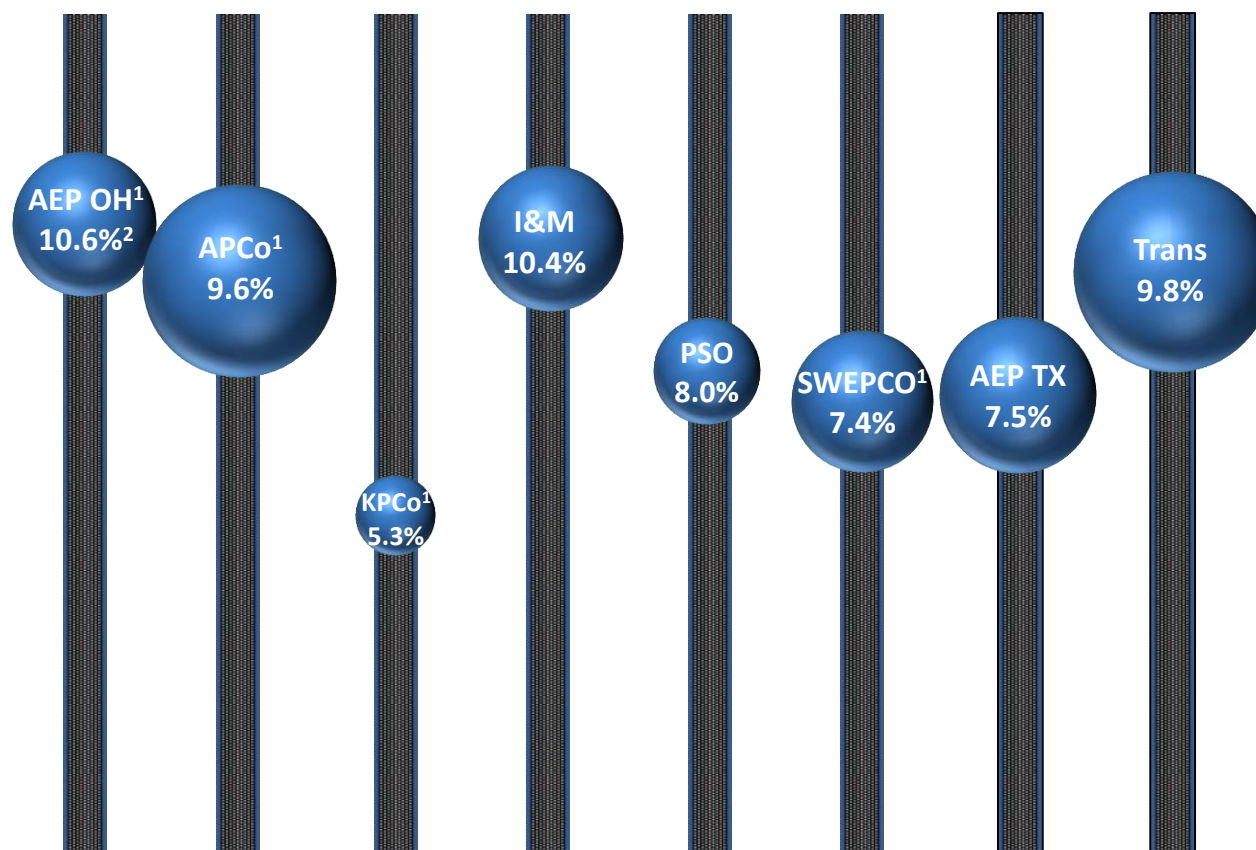
This information is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of AEP's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. 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.

- Reaffirm 2020 operating earnings guidance range of \$4.25-\$4.45
- Reaffirm 5%-7% long-term growth rate
- Dividend growth of ~6%, in line with earnings and within targeted payout ratio of 60%-70%
- COVID-19 updates
- Current regulatory activity includes:
 - North Central Wind
 - AEP Ohio
 - APCo-Virginia
 - KPCo
 - SWEPCO-Texas

Regulated Returns

Twelve Months Ended 9/30/2020 Earned ROE's (non-GAAP operating earnings, not weather normalized)



Regulated Operations ROE of 9.0%
as of September 30, 2020

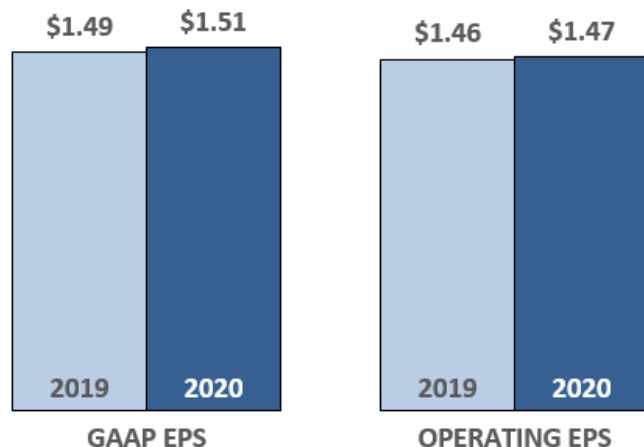
¹ Base rate cases pending | ² AEP Ohio ROE at end of year expected to be in the 10% range

Sphere size based on each company's relative equity balance

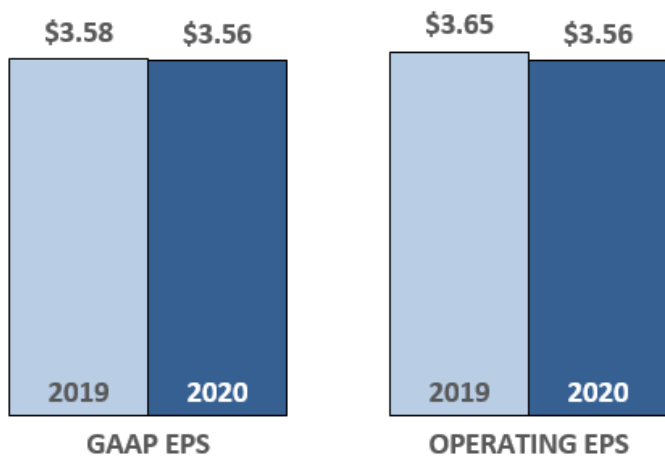
3rd Quarter 2020 Financial Update



3rd Quarter 2020



YTD 2020



Note: Quarterly EPS is a stand alone amount and not always additive to full year amount due to rounding

Refer to Appendix for reconciliation between GAAP and Operating EPS

Financial Update

- ✓ Delivered GAAP earnings of \$1.51 per share or \$749M for the third quarter of 2020
- ✓ Delivered operating earnings of \$1.47 per share or \$728M for the third quarter of 2020
- ✓ Delivered GAAP earnings of \$3.56 per share or \$1.8B for YTD September 2020
- ✓ Delivered operating earnings of \$3.56 per share or \$1.8B for YTD September 2020

3rd Quarter Operating Earnings Segment Detail



\$1.46/sh

(0.04)

0.04

0.03

(0.03)

0.01

\$1.47/sh

Rate Changes	\$ 0.05
Weather	\$ (0.08)
Wholesale Load	\$ (0.04)
Trans Rev	\$ 0.01
Other Rev	\$ (0.01)
O&M	\$ 0.11
Depreciation	\$ (0.04)
Income Taxes	\$ (0.04)

Rate Changes	\$ 0.05
Weather	\$ (0.02)
Trans Rev	\$ 0.04
O&M	\$ 0.04
Depreciation	\$ (0.02)
Other Taxes	\$ (0.01)
Interest Expense	\$ (0.02)
Income Taxes	\$ (0.02)

Investment Growth	\$ 0.03
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Wholesale	\$ (0.01)
Income Taxes	\$ (0.03)
Other	\$ 0.01

Income Taxes	\$ 0.01
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2019
Actual

Vertically Integrated
Utilities

Transmission &
Distribution Utilities

AEP Transmission
Holdco

Generation and
Marketing

Corporate and
Other

2020
Actual

2020 Actual EPS

\$0.85

\$0.31

\$0.28

\$0.13

(\$0.10)

\$1.47

Refer to Appendix for additional explanation of variances by segment

YTD Operating Earnings Segment Detail



\$3.65/sh

0.00

(0.01)

(0.07)

0.01

(0.02)

\$3.56/sh

Rate Changes	\$ 0.16
Weather	\$ (0.15)
Normal Load	\$ (0.02)
Wholesale Load	\$ (0.08)
Off-System Sales	\$ (0.02)
Trans Rev	\$ 0.12
Other Rev	\$ (0.02)
O&M	\$ 0.23
Depreciation	\$ (0.11)
Other Taxes	\$ (0.01)
AFUDC	\$ (0.02)
Income Taxes	\$ (0.06)
Other	\$ (0.02)

OH Reg Provision	\$ (0.09)
OH Legacy Riders	\$ (0.04)
Rate Changes	\$ 0.12
Weather	\$ (0.03)
Trans Rev	\$ 0.09
O&M	\$ 0.12
Depreciation	\$ (0.07)
Other Taxes	\$ (0.01)
TX Carrying Chrgs	\$ (0.03)
Interest Expense	\$ (0.04)
Income Taxes	\$ (0.02)
Other	\$ (0.01)

Investment Growth	\$ 0.09
Annual True-up	\$ (0.13)
FERC Settlement	\$ (0.01)
Other	\$ (0.02)

Renewables	\$ 0.05
Retail	\$ (0.01)
Wholesale	\$ (0.01)
Income Taxes	\$ (0.03)
Other	\$ 0.01

O&M	\$ 0.03
Interest Exp	\$ (0.03)
Income Taxes	\$ (0.01)
Other	\$ (0.01)

2019
Actual

Vertically Integrated
Utilities

Transmission &
Distribution Utilities

AEP Transmission
Holdco

Generation and
Marketing

Corporate and
Other

2020
Actual

2020 Actual EPS

\$1.90

\$0.84

\$0.75

\$0.31

(\$0.24)

\$3.56

Refer to Appendix for additional explanation of variances by segment

2020 Earnings Guidance Range

\$4.25 - \$4.45

	2020 Guidance		Commentary
	EEI	Revised	
Retail Sales Growth	0.5%	(2.7%)	<ul style="list-style-type: none"> Improved load forecast from previously revised estimate
YTD 2020 Weather (vs. normal)	-	(\$51M)	<ul style="list-style-type: none"> Mild Q1 weather Slightly favorable Q2 weather Mild Aug. and Sept. weather mitigated favorable July weather
Untracked O&M	\$2.8B	\$2.7B	<ul style="list-style-type: none"> On track to deliver lower O&M
Capital Expenditures	\$6.3B	\$5.9B	<ul style="list-style-type: none"> Reinstated \$100M of previously deferred 2020 capital in Q2

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 load forecast update
- Favorable Q4 weather
- Additional O&M savings achieved

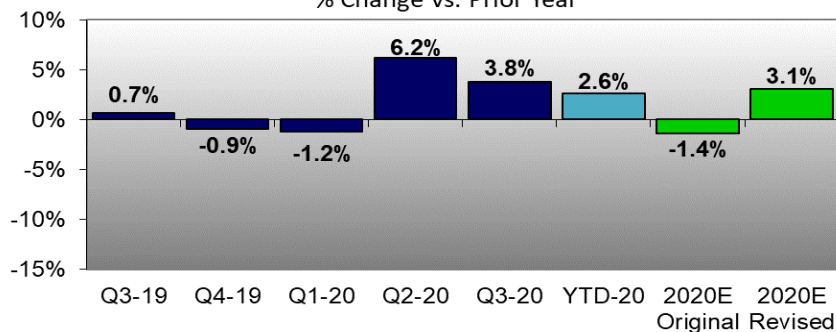
Items that would **negatively** impact management's view:

- Delayed economic recovery
- Resurgence of coronavirus infections that disrupt service territory economy
- Unfavorable sales mix compared to load forecast update
- Mild Q4 weather
- Higher storm-related O&M expense

Weather Normalized Billed Retail Load Trends

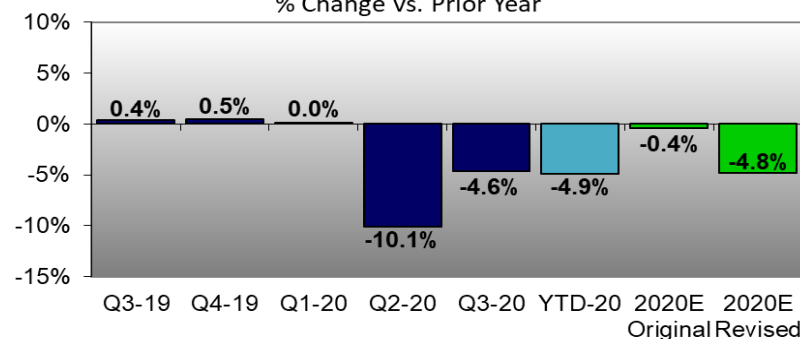
AEP Residential Normalized GWh Sales

% Change vs. Prior Year



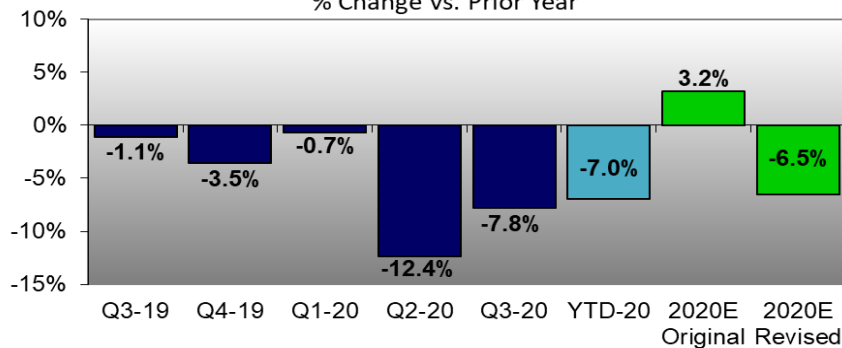
AEP Commercial Normalized GWh Sales

% Change vs. Prior Year



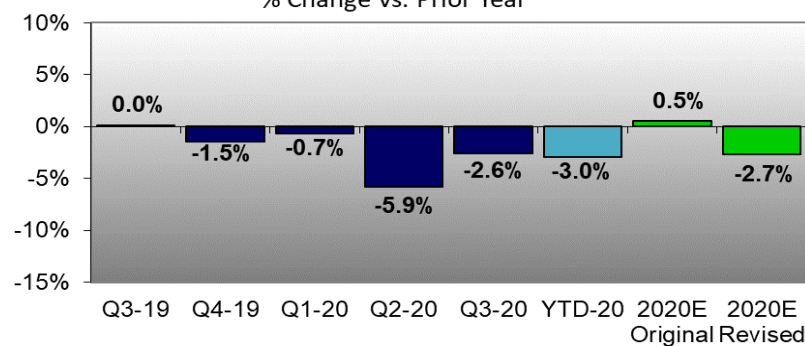
AEP Industrial GWh Sales

% Change vs. Prior Year



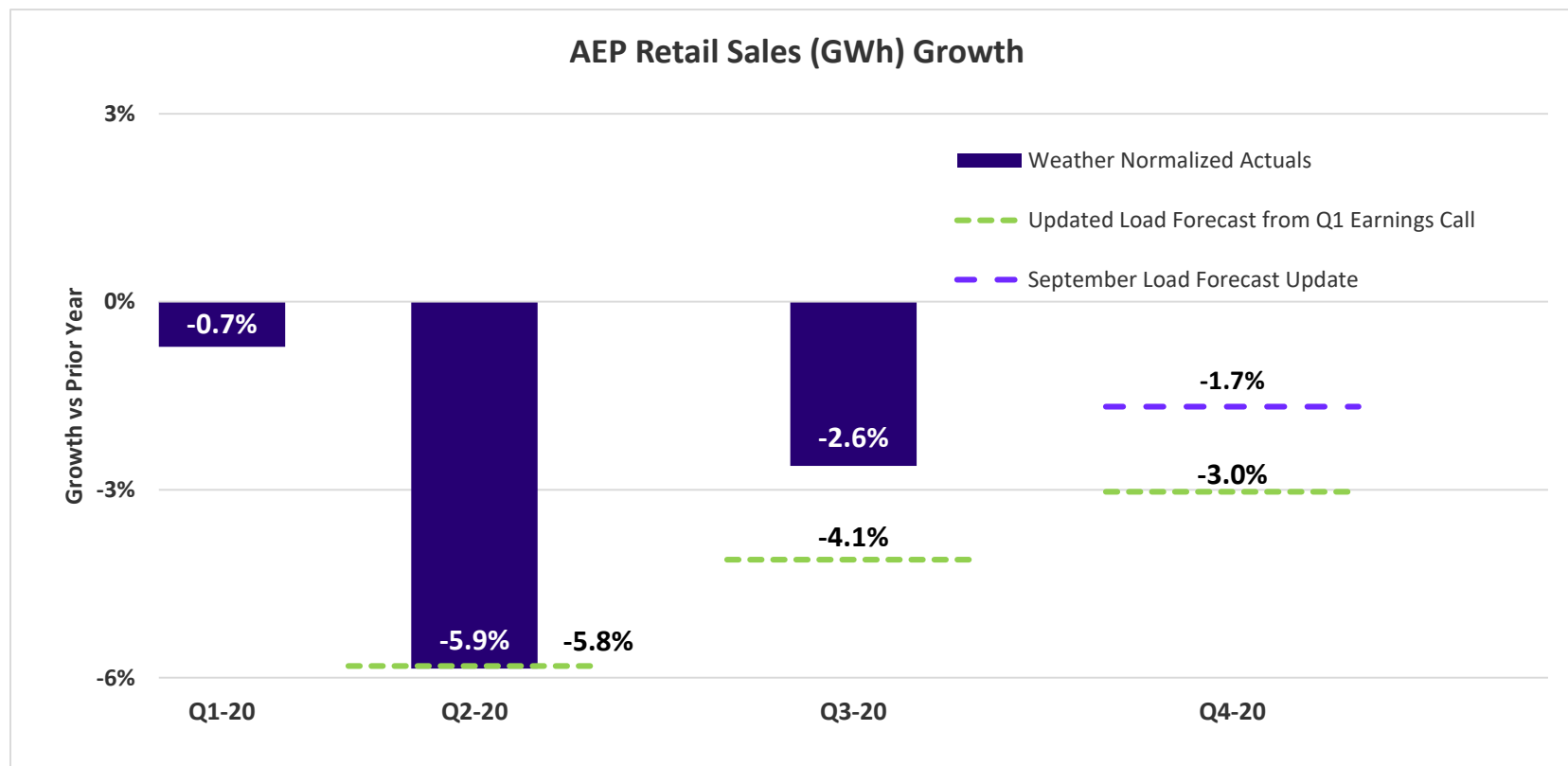
AEP Total Normalized GWh Sales

% Change vs. Prior Year

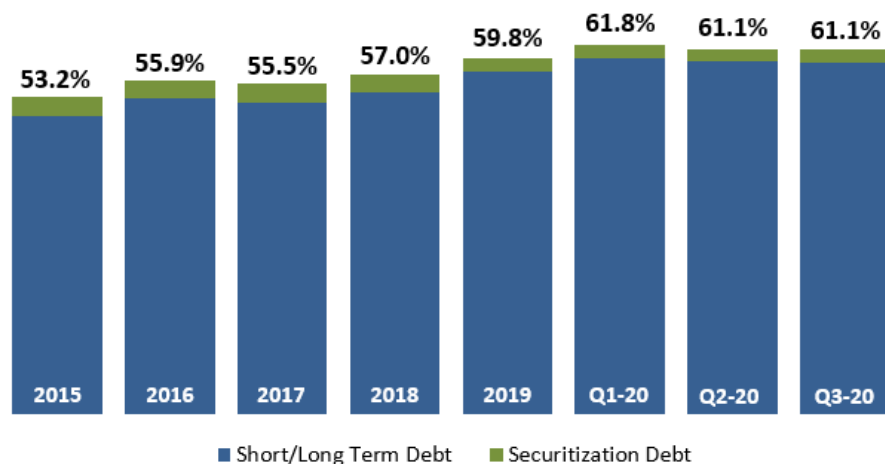


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

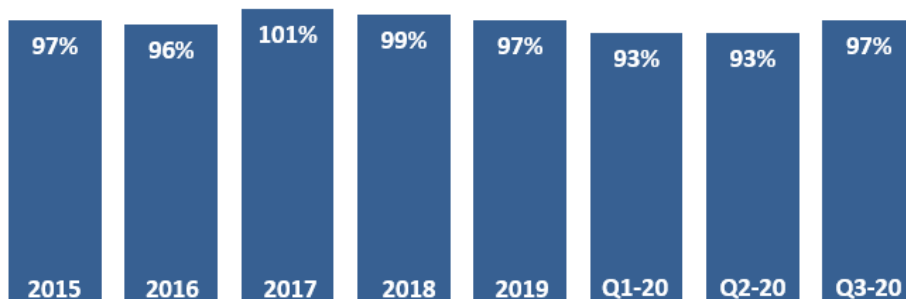
Revised forecast in 3Q 2020 continues to assume a gradual recovery over the remainder of the year.



Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual		Target
	Moody's	GAAP	
FFO to Total Debt	12.8%	12.5%	Low to Mid Teens

*Represents the trailing 12 months as of 9/30/2020
See Appendix for reconciliation to GAAP*

Liquidity Summary

(unaudited)	9/30/2020 Actual	
\$ in millions	Amount	Maturity
Revolving Credit Facility	\$4,000	Jun-22
364-Day Term Loan	1,000	Mar-21
Plus		
Cash and Cash Equivalents	410	
Less		
Commercial Paper Outstanding	(650)	
364-Day Term Loan	(1,000)	
Letters of Credit Issued	-	
Net Available Liquidity	\$3,760	

Summary

- ✓ Reaffirm 2020 operating earnings guidance range of \$4.25-\$4.45
- ✓ Reaffirm 5%-7% long-term growth rate
- ✓ EEI expectations: ESG focus, detail behind 2021 guidance, 2021 financial detail, cap-ex and cash flow detail
- ✓ Fourth quarter earnings call to be held in February 2021, coincident with the filing of the 2020 10-K



See You Virtually at EEI!

Appendix

3rd Quarter Reconciliation of GAAP to Operating Earnings



	\$ in millions			Earnings Per Share		
	Q3-19	Q3-20	Change	Q3-19	Q3-20	Change
Reported GAAP Earnings	\$734	\$749	\$15	\$1.49	\$1.51	\$0.02
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	(12)	(7)	5	(0.03)	(0.01)	0.02
Impact of COVID-19 ²	-	4	4	-	0.01	0.01
Achieving Excellence Program ²	-	34	34	-	0.07	0.07
CARES Act ²	-	(52)	(52)	-	(0.11)	(0.11)
AEP Operating Earnings	\$722	\$728	\$6	\$1.46	\$1.47	\$0.01

¹ Items recorded in Generation & Marketing segment

² Items recorded across multiple segments

Weighted average no. of shares outstanding: 493.8M Q3-19 and 496.2M Q3-20

YTD Reconciliation of GAAP to Operating Earnings



	\$ in millions			Earnings Per Share		
	YTD-19	YTD-20	Change	YTD-19	YTD-20	Change
Reported GAAP Earnings	\$1,768	\$1,765	(\$3)	\$3.58	\$3.56	(\$0.02)
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	3	(11)	(14)	0.01	(0.02)	(0.03)
Severance Charges ²	19	-	(19)	0.04	-	(0.04)
Acquisition Fees ^{1,3}	11	-	(11)	0.02	-	(0.02)
Impact of COVID-19 ²	-	19	19	-	0.04	0.04
Achieving Excellence Program ²	-	45	45	-	0.09	0.09
CARES Act ²	-	(52)	(52)	-	(0.11)	(0.11)
AEP Operating Earnings	\$1,801	\$1,766	(\$35)	\$3.65	\$3.56	(\$0.09)

¹ Items recorded in Generation & Marketing segment

² Items recorded across multiple segments

³ Items recorded in Corporate and Other segment

Weighted average no. of shares outstanding: 493.6M YTD-19 and 495.5M YTD-20

Vertically Integrated Utilities



3rd Quarter Summary

	Q3-19	Q3-20
\$ in millions (except EPS)		
Operating Revenues	\$2,646	\$2,435
Operating Expenses:		
Energy Costs	(874)	(694)
Operations and Maintenance	(743)	(680)
Depreciation and Amortization	(364)	(399)
Taxes Other Than Income Taxes	(118)	(121)
Operating Income	547	541
Net Interest/AFUDC	(128)	(125)
Non-Service Benefit Cost Components	17	17
Income Taxes	2	(10)
Operating Earnings	438	423
Proforma Adjustments, Net of Tax	-	(29)
GAAP Earnings	\$438	\$394
EPS from Operating Earnings	\$0.89	\$0.85

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q3-20 vs. Q3-19

- ✓ Rate Changes: \$34M favorable vs. prior year primarily from rate increases at APCo, I&M and SWEPCO
- ✓ Weather: \$50M unfavorable vs. prior year; \$11M favorable vs. normal
- ✓ Wholesale Load: \$23M unfavorable vs. prior year primarily due to expired contracts at I&M
- ✓ O&M: \$69M favorable vs. prior year primarily due to decreased transmission and distribution expenses, plant outage and maintenance expenses, and employee-related expenses
- ✓ Depreciation: \$26M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of 2.4% Q3-20 vs. (0.4%) Q3-19

Vertically Integrated Utilities



YTD Summary

	YTD-19	YTD-20
\$ in millions (except EPS)		
Operating Revenues	\$7,173	\$6,754
Operating Expenses:		
Energy Costs	(2,430)	(1,947)
Operations and Maintenance	(2,094)	(1,976)
Depreciation and Amortization	(1,080)	(1,174)
Taxes Other Than Income Taxes	(347)	(355)
Operating Income	1,222	1,302
Net Interest/AFUDC	(379)	(391)
Non-Service Benefit Cost Components	51	51
Income Taxes	43	(22)
Other	(1)	-
Operating Earnings	936	940
Proforma Adjustments, Net of Tax	(18)	(45)
GAAP Earnings	\$918	\$895
EPS from Operating Earnings	\$1.90	\$1.90

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

Key Drivers: YTD-20 vs. YTD-19

- ✓ Rate Changes: \$98M favorable vs. prior year primarily from rate increases at APCo/WPCo, I&M and SWEPCO
- ✓ Weather: \$95M unfavorable vs. prior year; \$45M unfavorable vs. normal
- ✓ Wholesale Load: \$47M unfavorable vs. prior year primarily due to expired contracts at I&M and SWEPCO
- ✓ Transmission Revenue: \$76M favorable vs. prior year primarily due to the annual true-up and increased transmission investment
- ✓ O&M: \$142M favorable vs. prior year primarily due to decreased plant outage and maintenance expenses, employee-related expenses, distribution and transmission expenses and the capitalization of previously expensed North Central Wind costs
- ✓ Depreciation: \$69M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of 2.2% YTD-20 vs. (4.8%) YTD-19

Transmission and Distribution Utilities



3rd Quarter Summary

	Q3-19	Q3-20
\$ in millions (except EPS)		
Operating Revenues	\$1,187	\$1,165
Operating Expenses:		
Energy Costs	(210)	(184)
Amortization of Generation Deferrals	(9)	-
Operations and Maintenance	(406)	(430)
Depreciation and Amortization	(209)	(163)
Taxes Other Than Income Taxes	(152)	(156)
Operating Income	201	232
Net Interest/AFUDC	(53)	(64)
Non-Service Benefit Cost Components	8	7
Income Taxes	(22)	(22)
Operating Earnings	134	153
Proforma Adjustments, Net of Tax	-	(5)
GAAP Earnings	\$134	\$148
EPS from Operating Earnings	\$0.27	\$0.31

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q3-20 vs. Q3-19

- ✓ Rate Changes: \$31M favorable primarily due to the Texas TCOS and DCRF as well as the Ohio DIR
- ✓ Weather: \$11M unfavorable vs. prior year; \$1M unfavorable vs. normal
- ✓ Transmission Revenue: \$23M favorable primarily due to increased transmission investment
- ✓ O&M: \$25M favorable (net of offsets) vs. prior year primarily due to decreased transmission and distribution expenses and employee-related expenses
- ✓ Depreciation: \$11M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Interest Expense: \$10M unfavorable due to higher long-term debt balances
- ✓ Income Taxes: actual rate of 12.9% Q3-20 vs. 14.3% Q3-19

Transmission and Distribution Utilities



YTD Summary

	YTD-19	YTD-20
\$ in millions (except EPS)		
Operating Revenues	\$3,454	\$3,307
Operating Expenses:		
Energy Costs	(603)	(523)
Amortization of Generation Deferrals	(65)	-
Operations and Maintenance	(1,223)	(1,141)
Depreciation and Amortization	(586)	(585)
Taxes Other Than Income Taxes	(437)	(445)
Operating Income	540	613
Net Interest/AFUDC	(144)	(191)
Non-Service Benefit Cost Components	23	22
Income Taxes	3	(30)
Operating Earnings	422	414
Proforma Adjustments, Net of Tax	-	(11)
GAAP Earnings	\$422	\$403
EPS from Operating Earnings	\$0.85	\$0.84

Key Drivers: YTD-20 vs. YTD-19

- ✓ Ohio Regulatory Provision: \$58M unfavorable due to prior year recognition of 2016 SEET provision reversal
- ✓ Rate Changes: \$53M favorable primarily due to the Ohio DIR and gridSMART and Texas TCOS and DCRF, partially offset by the roll off of the Ohio RSR
- ✓ Weather: \$15M unfavorable vs. prior year; \$6M unfavorable vs. normal
- ✓ Transmission Revenue: \$59M favorable primarily due to the annual true-up and increased transmission investment
- ✓ O&M: \$78M favorable (net of offsets) vs. prior year primarily due to decreased transmission expenses and employee-related expenses
- ✓ Depreciation: \$43M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Texas Carrying Charges: \$21M unfavorable due to prior year recovery of debt carrying charges
- ✓ Interest Expense: \$26M unfavorable due to higher long-term debt balances
- ✓ Income Taxes: actual rate of 6.8% YTD-20 vs. (0.6%) YTD-19

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

3rd Quarter Summary

	Q3-19	Q3-20
\$ in millions (except EPS)		
Operating Revenues	\$273	\$318
Operating Expenses:		
Operations and Maintenance	(32)	(28)
Depreciation and Amortization	(47)	(64)
Taxes Other Than Income Taxes	(44)	(54)
Operating Income	150	172
Net Interest/AFUDC	(6)	(13)
Income Taxes	(35)	(38)
Equity Earnings	18	20
Other	(1)	(1)
Operating Earnings	126	140
Proforma Adjustments, Net of Tax	-	(1)
GAAP Earnings	\$126	\$139
EPS from Operating Earnings	\$0.25	\$0.28

Key Drivers: Q3-20 vs. Q3-19

- ✓ \$14M favorable Operating Earnings vs. prior year primarily due to increased transmission investment

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

YTD Summary

	YTD-19	YTD-20
\$ in millions (except EPS)		
Operating Revenues	\$808	\$878
Operating Expenses:		
Operations and Maintenance	(77)	(81)
Depreciation and Amortization	(134)	(183)
Taxes Other Than Income Taxes	(130)	(157)
Operating Income	467	457
Net Interest/AFUDC	(10)	(42)
Non-Service Benefit Cost Components	2	1
Income Taxes	(106)	(102)
Equity Earnings	55	63
Other	(3)	(3)
Operating Earnings	405	374
Proforma Adjustments, Net of Tax	-	(4)
GAAP Earnings	\$405	\$370
EPS from Operating Earnings	\$0.82	\$0.75

Key Drivers: YTD-20 vs. YTD-19

- ✓ \$31M unfavorable Operating Earnings vs. prior year primarily due to the annual true-up and the impact of a prior year FERC settlement, partially offset by increased transmission investment

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

3rd Quarter Summary

	Q3-19	Q3-20
\$ in millions (except EPS)		
Operating Revenues	\$519	\$482
Operating Expenses:		
Energy Costs	(404)	(392)
Operations and Maintenance	(44)	(26)
Depreciation and Amortization	(21)	(19)
Taxes Other Than Income Taxes	(4)	(3)
Operating Income	46	42
Net Interest/AFUDC	(8)	(3)
Non-Service Benefit Cost Components	4	4
Income Taxes	39	24
Other	(3)	(4)
Operating Earnings	78	63
Proforma Adjustments, Net of Tax	12	54
GAAP Earnings	\$90	\$117
EPS from Operating Earnings	\$0.16	\$0.13

Key Drivers: Q3-20 vs. Q3-19

- ✓ Generation decreased 637 GWh (39%) Q3-20 vs. Q3-19 primarily due to the retirement of Conesville Plant Unit 4 in May 2020
- ✓ AEP Dayton ATC liquidations down 14%: \$23.04/MWh in Q3-20 vs. \$26.66/MWh in Q3-19
- ✓ Income Taxes: actual rate of (66.2%) Q3-20 vs. (105.2%) Q3-19

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

YTD Summary

	YTD-19	YTD-20
\$ in millions (except EPS)		
Operating Revenues	\$1,433	\$1,292
Operating Expenses:		
Energy Costs	(1,118)	(1,050)
Operations and Maintenance	(151)	(83)
Depreciation and Amortization	(49)	(54)
Taxes Other Than Income Taxes	(12)	(10)
Operating Income	103	95
Net Interest/AFUDC	(15)	(18)
Non-Service Benefit Cost Components	11	12
Income Taxes	49	58
Other	1	7
Operating Earnings	149	154
Proforma Adjustments, Net of Tax	(9)	57
GAAP Earnings	\$140	\$211
EPS from Operating Earnings	\$0.30	\$0.31


Key Drivers: YTD-20 vs. YTD-19

- ✓ Generation decreased 1,263 GWh (29%) YTD-20 vs. YTD-19 primarily due to the retirement of Conesville Plant Unit 4 in May 2020
- ✓ AEP Dayton ATC liquidations down 24%: \$20.43/MWh in YTD-20 vs. \$26.89/MWh in YTD-19
- ✓ Income Taxes: actual rate of (66.9%) YTD-20 vs. (53.0%) YTD-19


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

3rd Quarter Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (\$ in millions)
	Q3-20 vs. Q3-19
APCo/WPCo	\$2
I&M	\$24
KPCo	-
PSO	-
SWEPCO	\$8
Kingsport	-
TOTAL	\$34
Impact on EPS	 \$0.05


Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions)
	Q3-20 vs. Q3-19
AEP Ohio ¹	\$11
AEP Texas	\$20
TOTAL	\$31
Impact on EPS	 \$0.05


¹ Includes impact of Ohio legacy riders

YTD Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (\$ in millions)
	YTD-20 vs. YTD-19
APCo/WPCo	\$29
I&M	\$36
KPCo	(\$1)
PSO	(\$1)
SWEPCO	\$35
Kingsport	-
TOTAL	\$98
Impact on EPS	 \$0.16



Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions)
	YTD-20 vs. YTD-19
AEP Ohio ¹	\$22
AEP Texas	\$31
TOTAL	\$53
Impact on EPS	 \$0.08


¹ Includes impact of Ohio legacy riders

3rd Quarter Weather Impact

Vertically Integrated Utilities



	Weather Impact (\$ in millions)	
	Q3-20 vs. Q3-19	Q3-20 vs. Normal
APCo/WPCo	(\$8)	\$17
I&M	(\$6)	\$6
KPCo	(\$2)	\$2
PSO	(\$18)	(\$6)
SWEPco	(\$16)	(\$8)
Kingsport	-	-
TOTAL	(\$50)	\$11
Impact on EPS	 \$0.08	 \$0.02

Transmission and Distribution Utilities



	Weather Impact (\$ in millions)	
	Q3-20 vs. Q3-19	Q3-20 vs. Normal
AEP Ohio	-	-
AEP Texas	(\$11)	(\$1)
TOTAL	(\$11)	(\$1)
Impact on EPS	 \$0.02	-

YTD Weather Impact

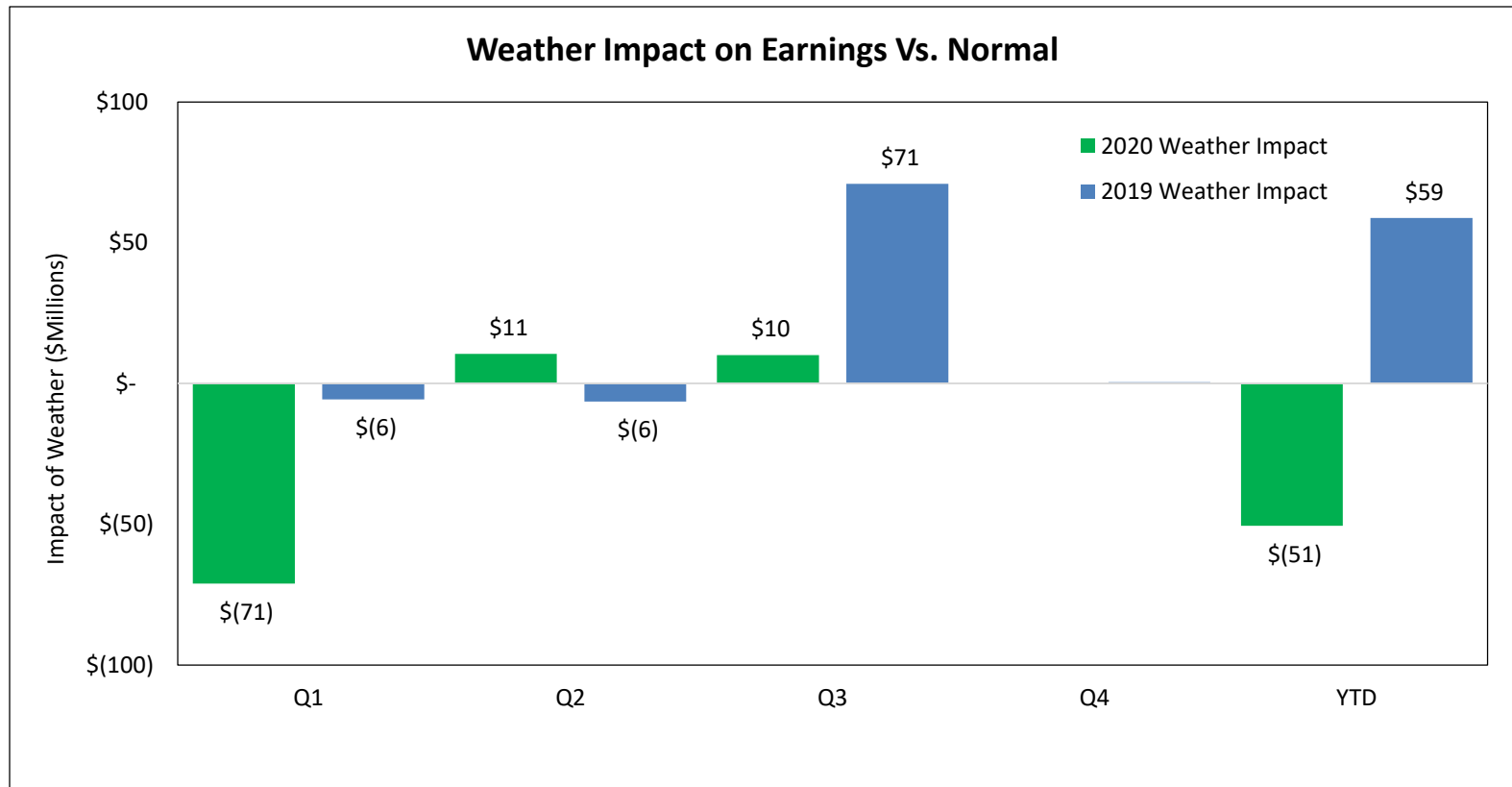
Vertically Integrated Utilities

	Weather Impact (\$ in millions)	
	YTD-20 vs. YTD-19	YTD-20 vs. Normal
APCo/WPCo	(\$41)	(\$18)
I&M	(\$9)	\$1
KPCo	(\$6)	(\$4)
PSO	(\$15)	(\$6)
SWEPCO	(\$24)	(\$18)
Kingsport	-	-
TOTAL	(\$95)	(\$45)
Impact on EPS	 \$0.15	 \$0.07

Transmission and Distribution Utilities

	Weather Impact (\$ in millions)	
	YTD-20 vs. YTD-19	YTD-20 vs. Normal
AEP Ohio	-	-
AEP Texas	(\$15)	(\$6)
TOTAL	(\$15)	(\$6)
Impact on EPS	 \$0.03	 \$0.01

Impact of Weather



The impact of weather through the third quarter was \$(51M) vs. normal, which is approximately \$110M below the prior year through the third quarter

3rd Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load ¹ (weather normalized)
	Q3-20 vs. Q3-19
APCo/WPCo	(4.5%)
I&M	(0.4%)
KPCo	(7.8%)
PSO	(3.4%)
SWEPCO	(3.9%)
Kingsport	(16.5%)
TOTAL	(3.8%)
Impact on EPS ²	-

Transmission and Distribution Utilities


	Retail Load ¹ (weather normalized)
	Q3-20 vs. Q3-19
AEP Ohio	(2.2%)
AEP Texas	-
TOTAL	(1.2%)
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

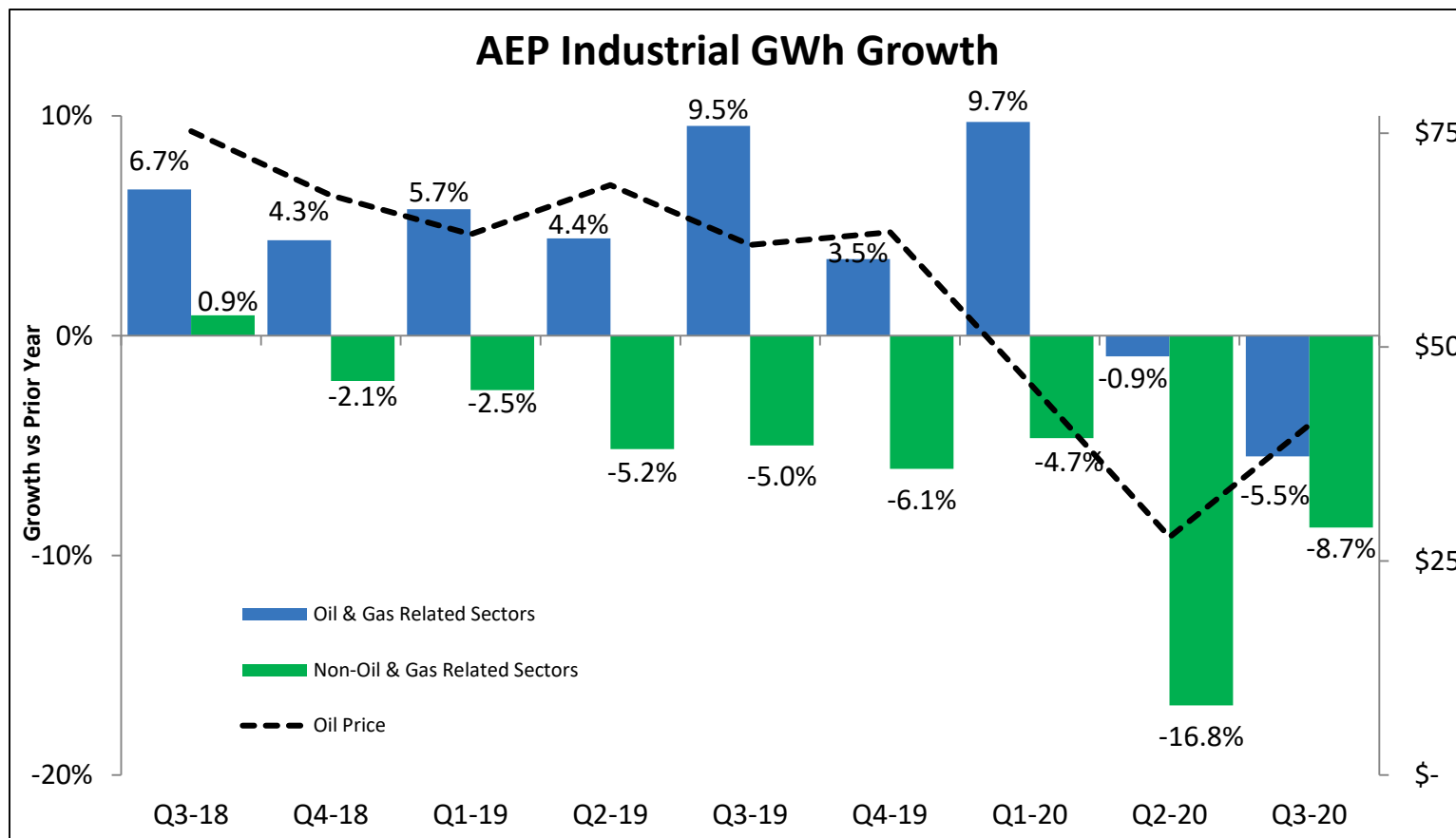
	Retail Load ¹ (weather normalized)
	YTD-20 vs. YTD-19
APCo/WPCo	(3.2%)
I&M	(3.9%)
KPCo	(7.0%)
PSO	(2.9%)
SWEPCO	(4.2%)
Kingsport	(12.6%)
TOTAL	(3.9%)
Impact on EPS ²	 \$0.02

Transmission and Distribution Utilities

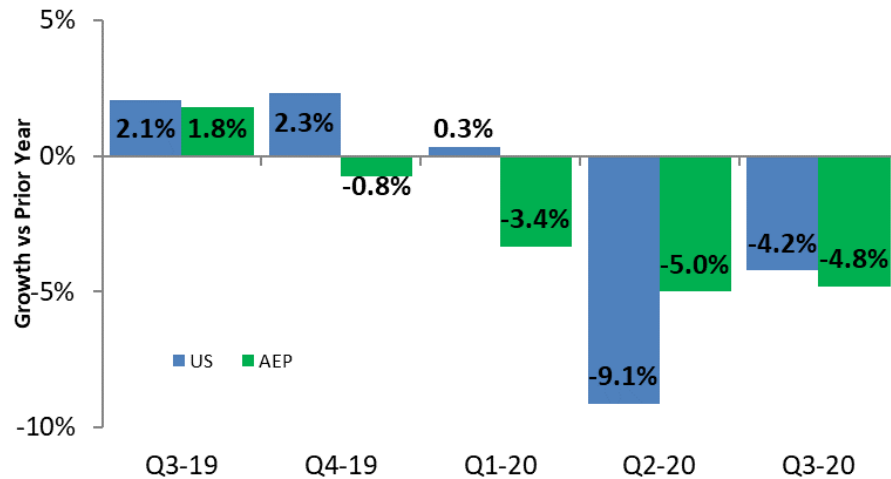
	Retail Load ¹ (weather normalized)
	YTD-20 vs. YTD-19
AEP Ohio	(3.5%)
AEP Texas	0.5%
TOTAL	(1.8%)
Impact on EPS ²	-

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

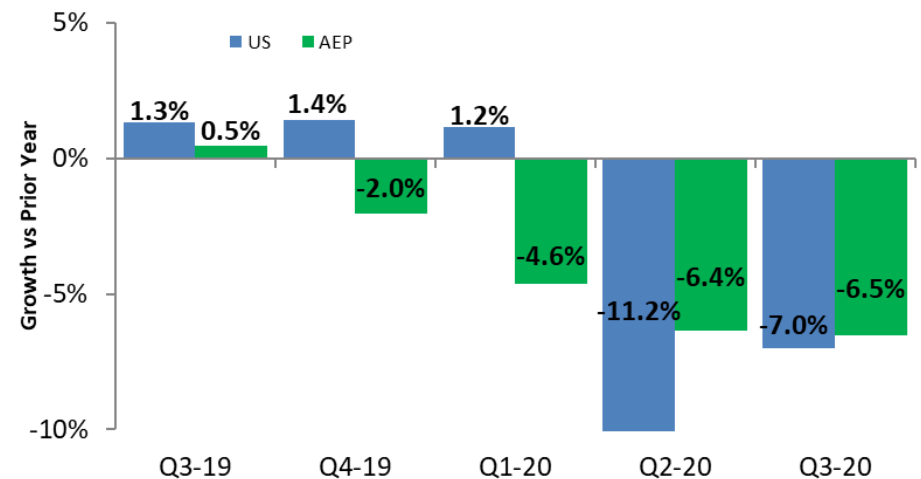
² Includes EPS impact of accrued revenues



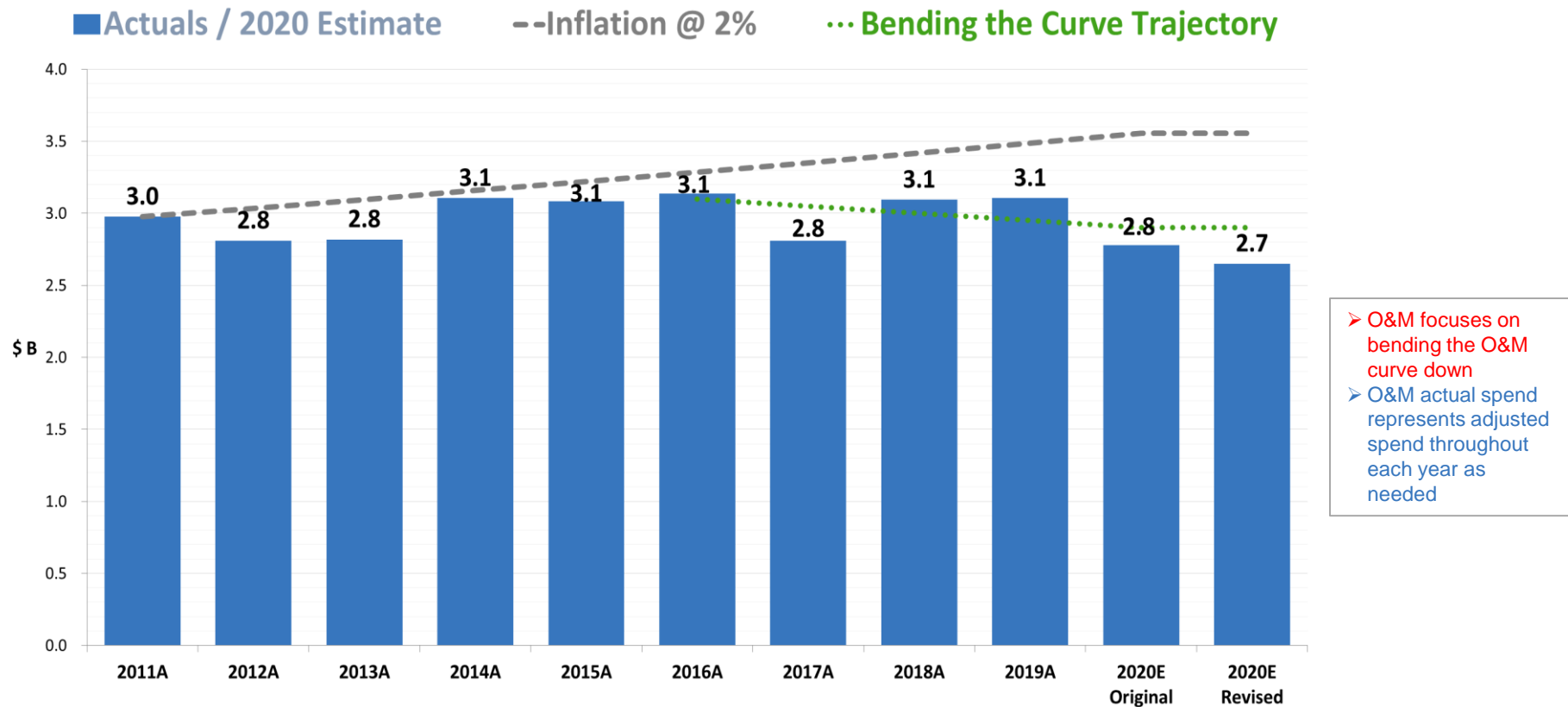
GDP Growth by Quarter



Employment Growth by Quarter



Untracked O&M



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>Target Date</u>
	Sundance	199	\$307M	Mar. 2021 (100% PTC)
	Maverick	287	\$402M	Dec. 2021 (80% PTC)
	Traverse	999	\$1,287M	Dec. 2021 to Apr. 2022 (80% PTC)
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

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 11/17/2020
Expected Effective Date January 2021



SWEPCO - Texas

Docket #: 51415
Filing Date: 10/13/2020
Requested Rate Base: \$2.0B
Requested ROE: 10.35%
Cap Structure: 50.6%D / 49.4%E
Gross Revenue Increase: \$90M¹
(Less \$17M D&A)
Net Revenue Increase: \$73M
Test Year: 03/31/2020

¹ Does not include \$15M of current riders moving to base rates

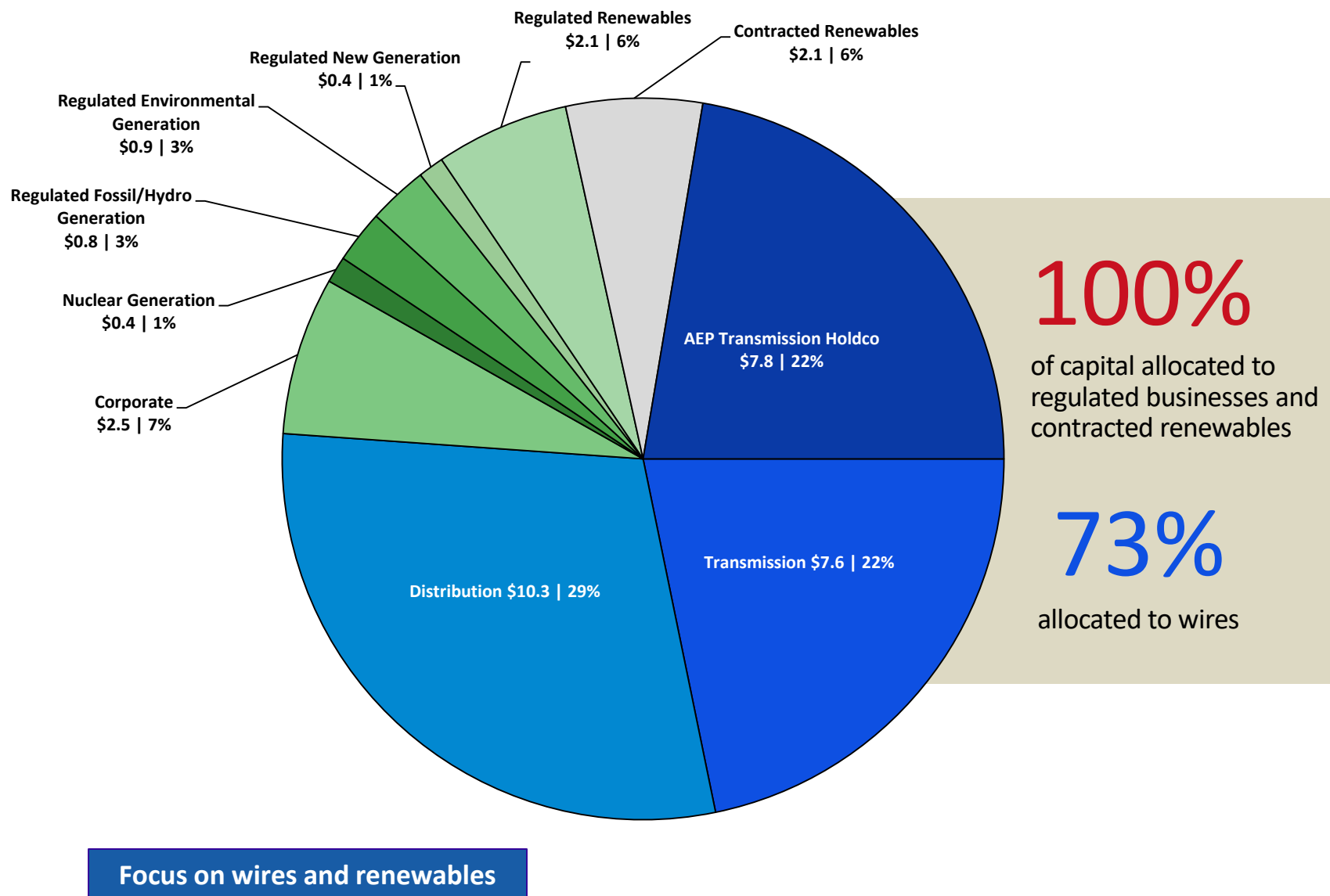


Q3-20 GAAP Effective Tax Rate Reconciliation

Q3-20	Amount (\$ in millions)	Tax Rate
Pre-tax Income	\$1,756	
Tax at Federal Rate	\$369	21%
Tax at State Rate	\$46	3%
Tax Credits and Amortization	(\$81)	(5%)
Excess Protected and Unprotected	(\$222)	(13%)
Cares Act Tax Planning ¹	(\$52)	(3%)
Other	(\$2)	-
Tax Expense (Benefit)	\$58	3%

¹ GAAP to operating earnings adjustment

2020 - 2024 Capital Forecast: Total \$35B



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 ¹	(5,900)	(8,200)	(6,500)	(6,500)
Other Investing Activities	(400)	(100)	(200)	(200)
Common Dividends ²	(1,400)	(1,400)	(1,500)	(1,500)
Excess (Required) Capital	\$ (3,100)	\$ (4,900)	\$ (2,900)	\$ (2,400)
Financing				
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 ³	850	-	-	-
Equity Units Conversion	-	-	805	850
Equity Issuances - Includes DRP ⁴	100	1,400	600	100
Debt Capital Market Needs (New)	\$ (3,350)	\$ (5,600)	\$ (4,595)	\$ (2,050)
Financial Metrics				
Debt to Capitalization (GAAP)	55 - 60%			
FFO/Total Debt (Moody's)	Low to Mid Teens Reflecting Accelerated Flowback of ADFIT			

¹ Capital expenditures in 2021 include \$2B for North Central Wind.

² 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.

³ \$750M offering and exercise of over-allotment.

⁴ Equity needs in 2021 include \$1.3B for North Central Wind.

Note: Actual cash flows will vary by company and jurisdiction based on regulatory outcomes. Cash flows do not reflect update related to North Central Wind targeted in-service date range of December 2021 - April 2022 for Traverse (currently in 2021 data above). Applicable cash flow update will be provided at EEI in November 2020. Equity needs for the total project remain the same at \$1.3B.

GAAP to Non-GAAP Reconciliations and Ratios



Adjusted FFO Calculation

	12 Months Ended 9/30/20
	\$ in millions
Cash Flow From Operations	\$3,842
Adjustments:	
Changes in Working Capital	526
Capitalized Interest	(71)
Securitization Amortization	(241)
Adjusted Funds from Operations (FFO)	\$4,056

Adjusted Total Debt Calculation

	As of 9/30/20
	\$ in millions
GAAP Total Debt (incl. current maturities)	\$32,464
Less:	
Securitization Bonds	(758)
Spent Nuclear Fuel Trust	(281)
Equity Units Capital Adjust (25%)	(414)
Add:	
Finance Lease Obligations	293
Pension	221
Operating Leases	927
Adjusted Total Debt (Non-GAAP)	\$32,452

FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4,056}{\$32,452} = 12.5\%$$