

4TH QUARTER 2020 EARNINGS RELEASE PRESENTATION

February 25, 2021

**AMERICAN
ELECTRIC
POWER**

BOUNDLESS ENERGY™



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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, including favorable tax treatment, and to recover those costs, new legislation, litigation and government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, 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.

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.

2020 Highlights and 2021 Focus

2020 HIGHLIGHTS

Financial Performance

- ✓ Delivered GAAP earnings of \$0.88 per share for Q4-20 and \$4.44 for 2020
- ✓ Delivered operating earnings of \$0.87 per share for Q4-20 and \$4.44 for 2020
- ✓ Achieved regulated operating ROE of 9.1% for the year while improving authorized equity layers
- ✓ Increased quarterly dividend

Regulatory and Strategic Initiatives

- ✓ Finalized base rate cases in Indiana, Michigan and Texas (AEP Texas), and initiated base rate cases in Kentucky, Louisiana, Ohio, Texas (SWEPCO) and Virginia
- ✓ Obtained regulatory approvals in Arkansas, Louisiana, Oklahoma and at FERC for North Central Wind
- ✓ Announced coal reduction of approximately 5,600 MW by 2030, a 46% reduction from 2020
- ✓ Successful O&M control in response to COVID-19 pandemic impacts

2021 FOCUS

Financial Performance

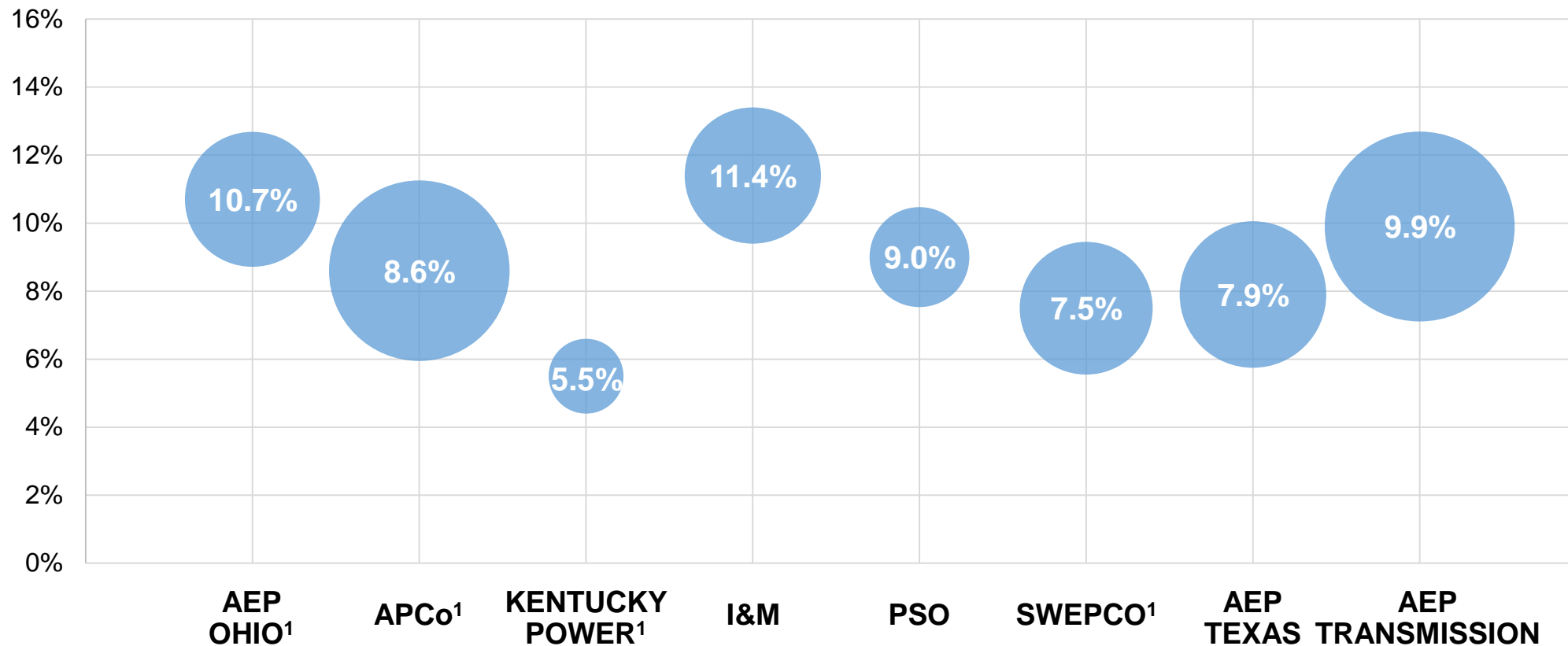
- ❑ Raise 2021 operating earnings guidance range to \$4.55 – \$4.75
- ❑ Deliver 5%-7% operating earnings growth rate off newly raised 2021 base with a bias towards the upper half
- ❑ Continue to focus on disciplined capital allocation, investing \$7.5 billion in cap-ex, substantially in regulated entities with an emphasis on wires and renewables; reaffirm 5-year capital plan of \$37 billion
- ❑ Commitment to credit quality

Regulatory and Strategic Initiatives

- ❑ Promote and accelerate a clean energy future
 - Revise carbon emission reduction goals to reach **80% by 2030** and **net zero by 2050**
 - Propose up to **3,300 MW** of new renewable energy to serve SWEPCO customers
 - Commission North Central Wind
- ❑ Finalize base rate cases in Kentucky, Louisiana, Ohio, Texas (SWEPCO) and Virginia
- ❑ Racine hydro plant sale and continued asset optimization and focus on core growth opportunities
- ❑ Relentless effort to create O&M efficiencies with Achieving Excellence Program, allowing continued focus on value added activities for customers

Regulated Returns

Twelve Months Ended 12/31/2020 Earned ROE's
(non-GAAP operating earnings, not weather normalized)



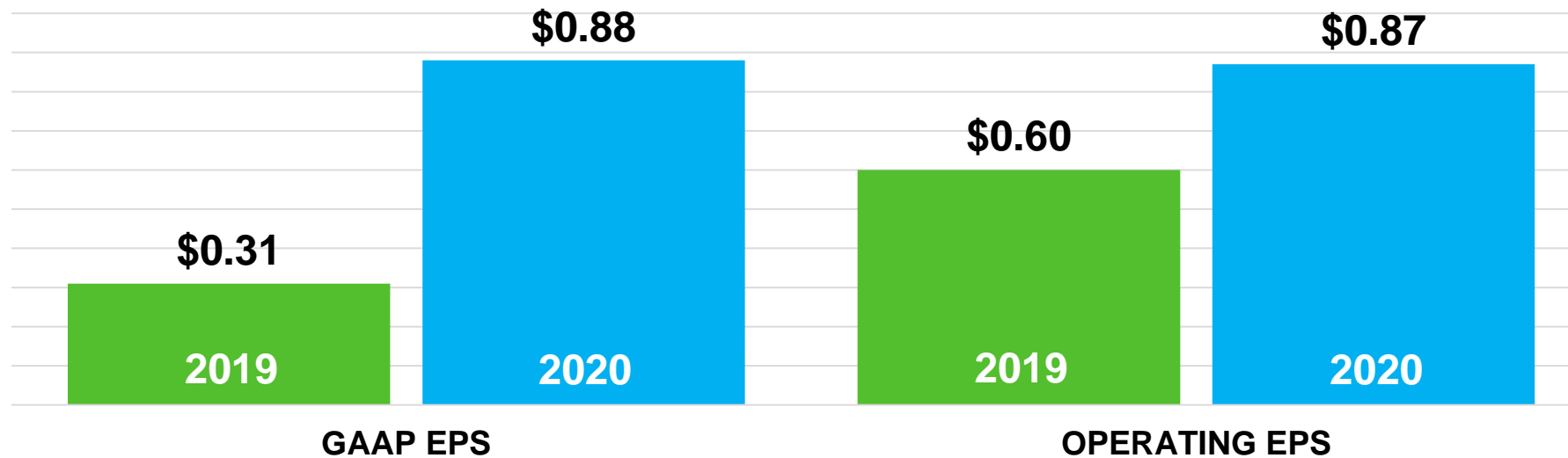
Regulated Operations ROE of 9.1%
(as of December 31, 2020)

¹ Base rate cases pending/order recently received

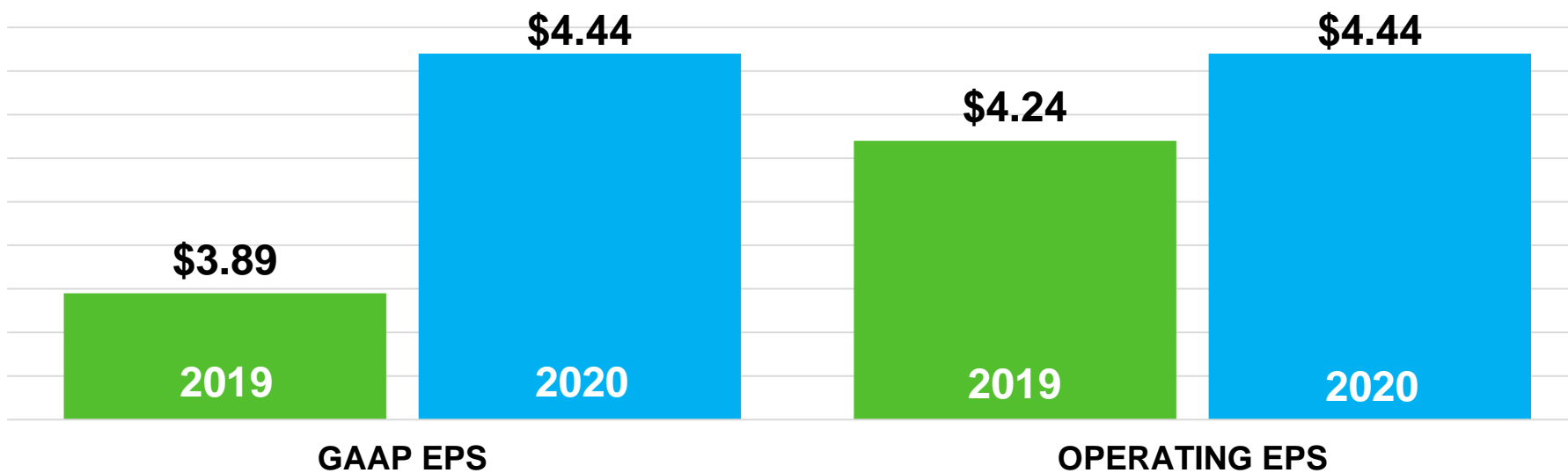
Sphere size based on each company's relative equity balance

4th Quarter 2020 Financial Update

4TH QUARTER 2020



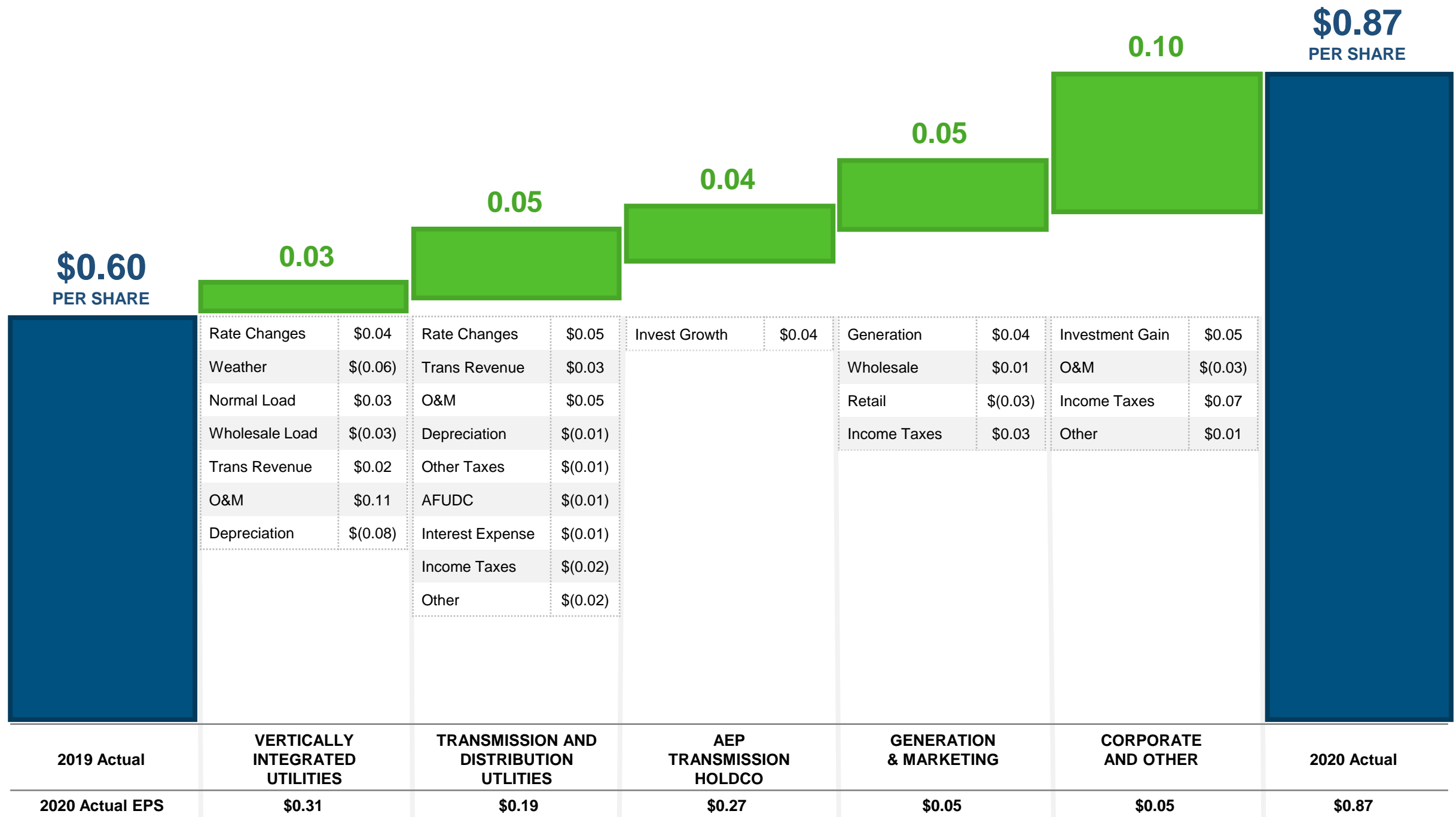
YTD 2020



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

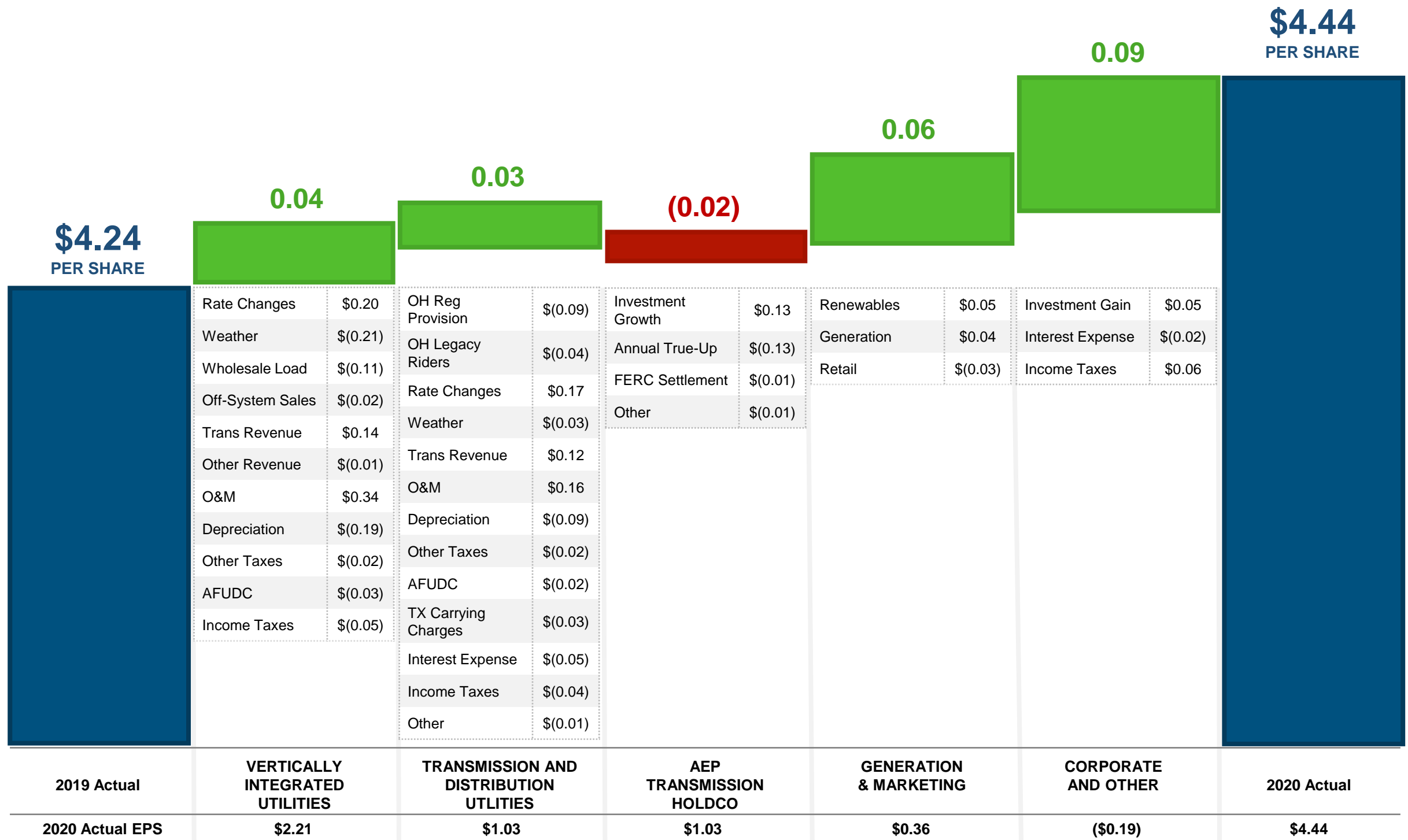
Refer to Appendix for reconciliation between GAAP and Operating EPS

4th Quarter Operating Earnings Segment Detail



Refer to Appendix for additional explanation of variances by segment

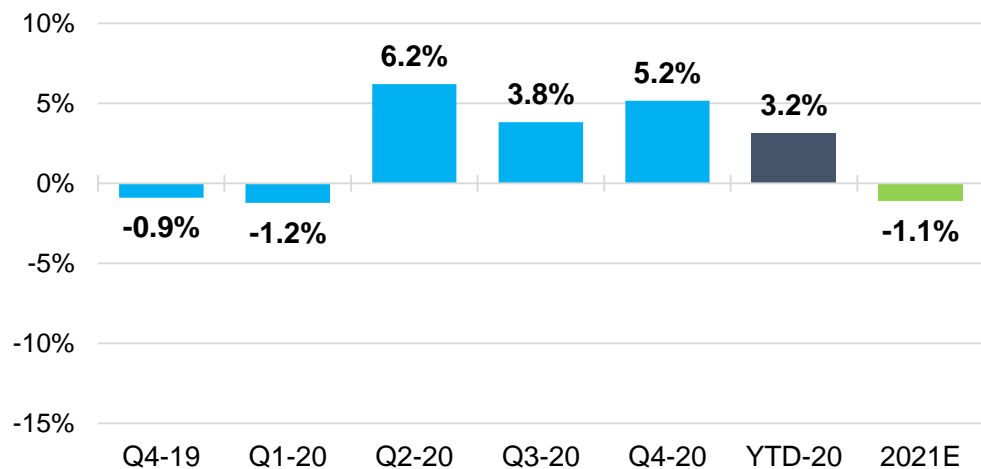
YTD Operating Earnings Segment Detail



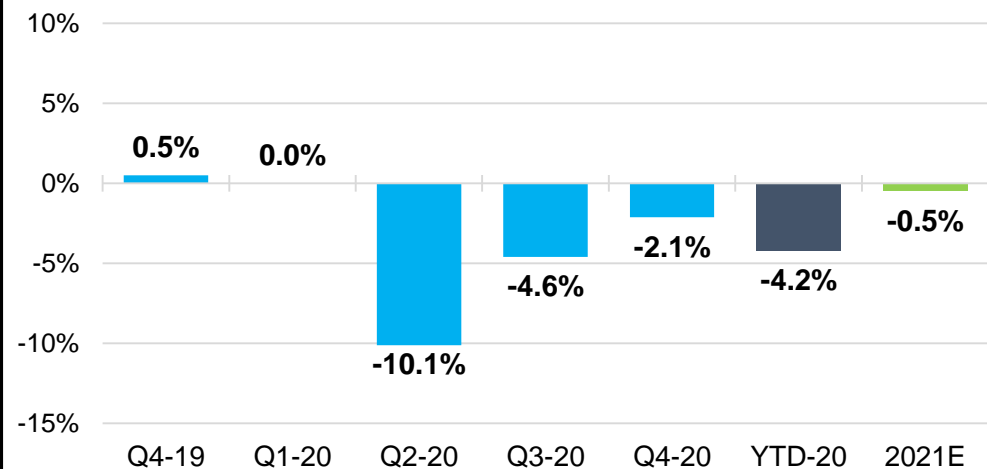
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends

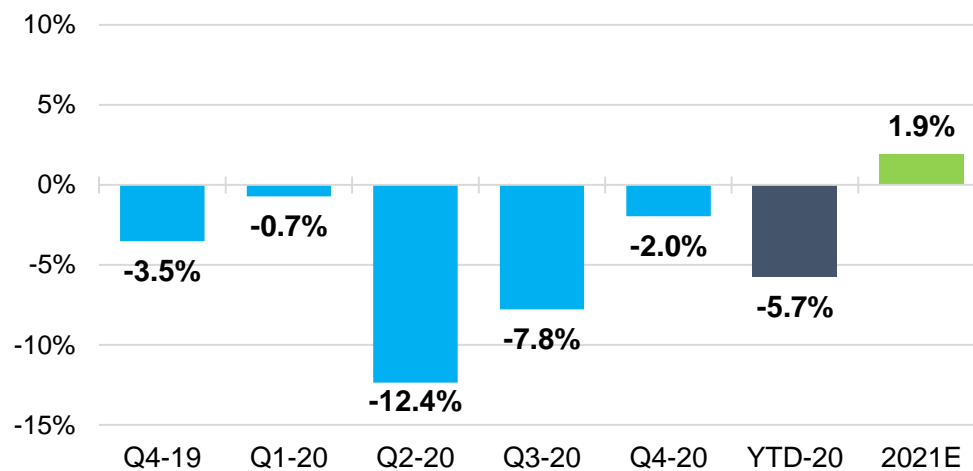
AEP Normalized Residential GWh Sales
% Change vs. Prior Year



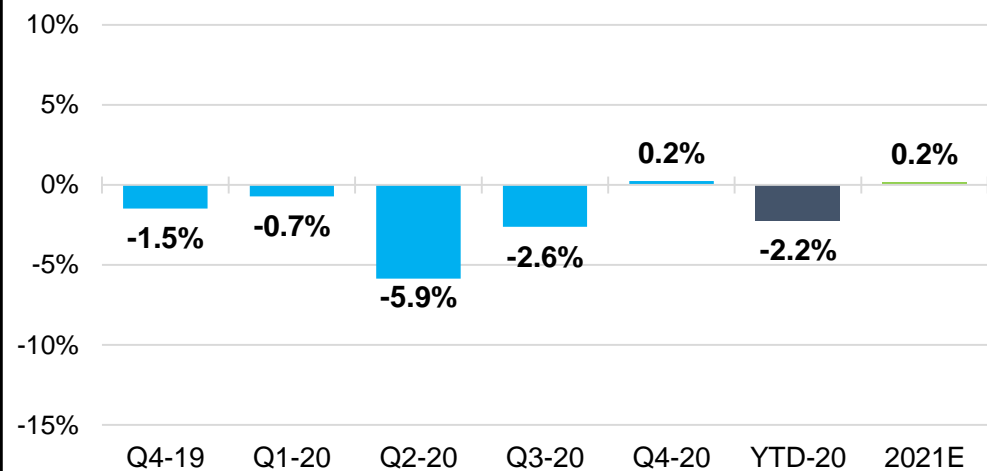
AEP Normalized Commercial GWh Sales
% Change vs. Prior Year



AEP Normalized Industrial GWh Sales
% Change vs. Prior Year

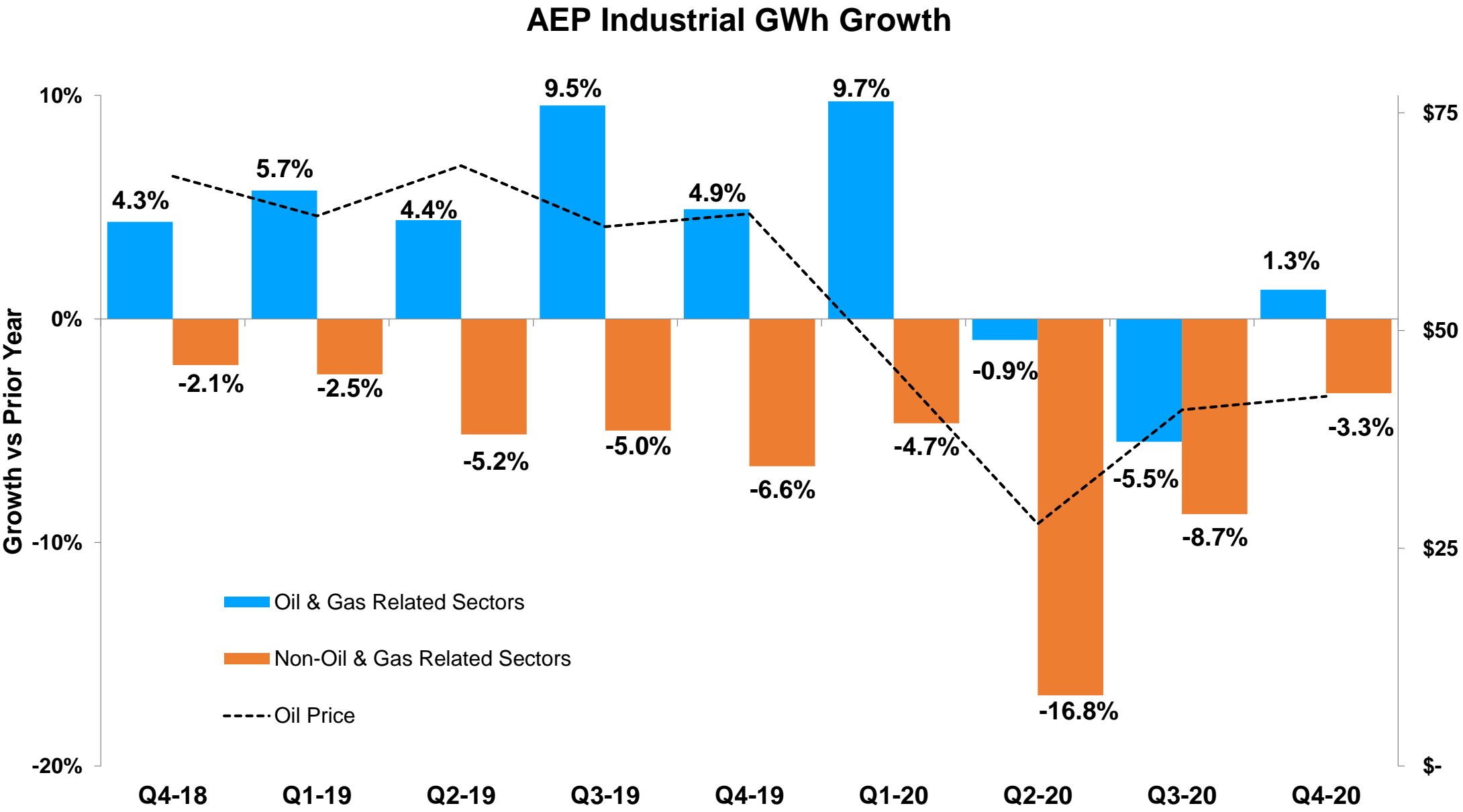


AEP Total Normalized GWh Sales
% Change vs. Prior Year



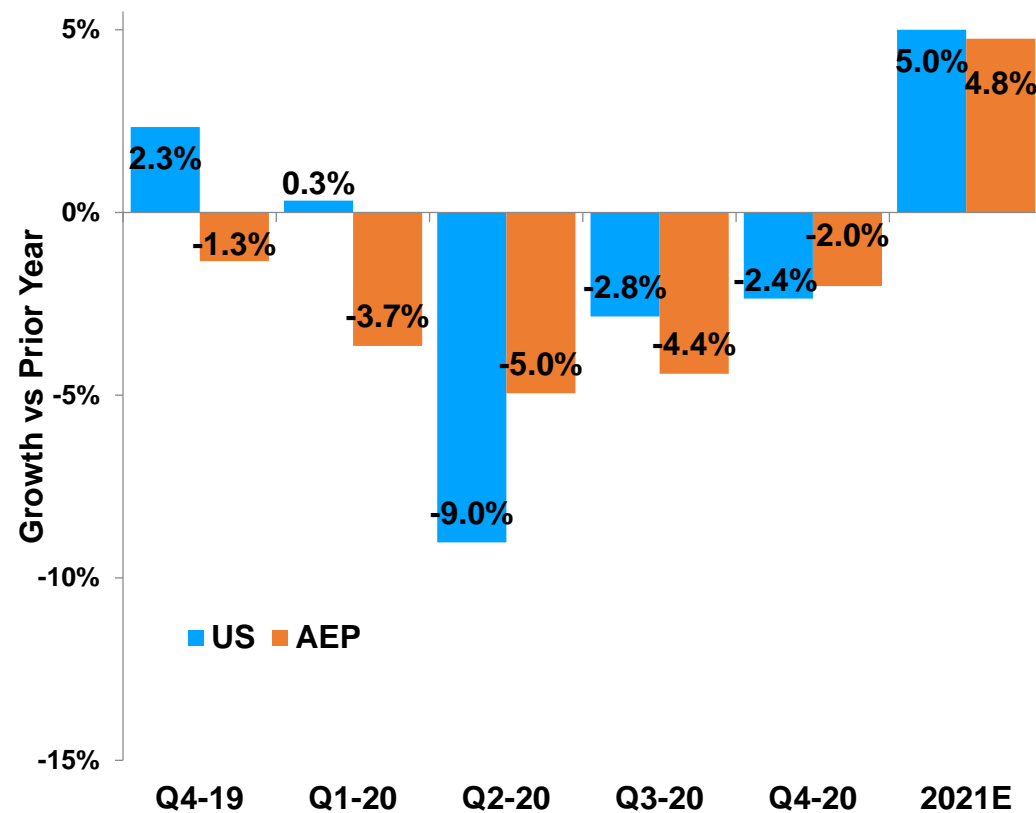
Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load. 2021 estimates based on forecast provided at 2020 EEI Financial Conference and adjusted to reflect 2020 actual results.

Industrial Sales Growth

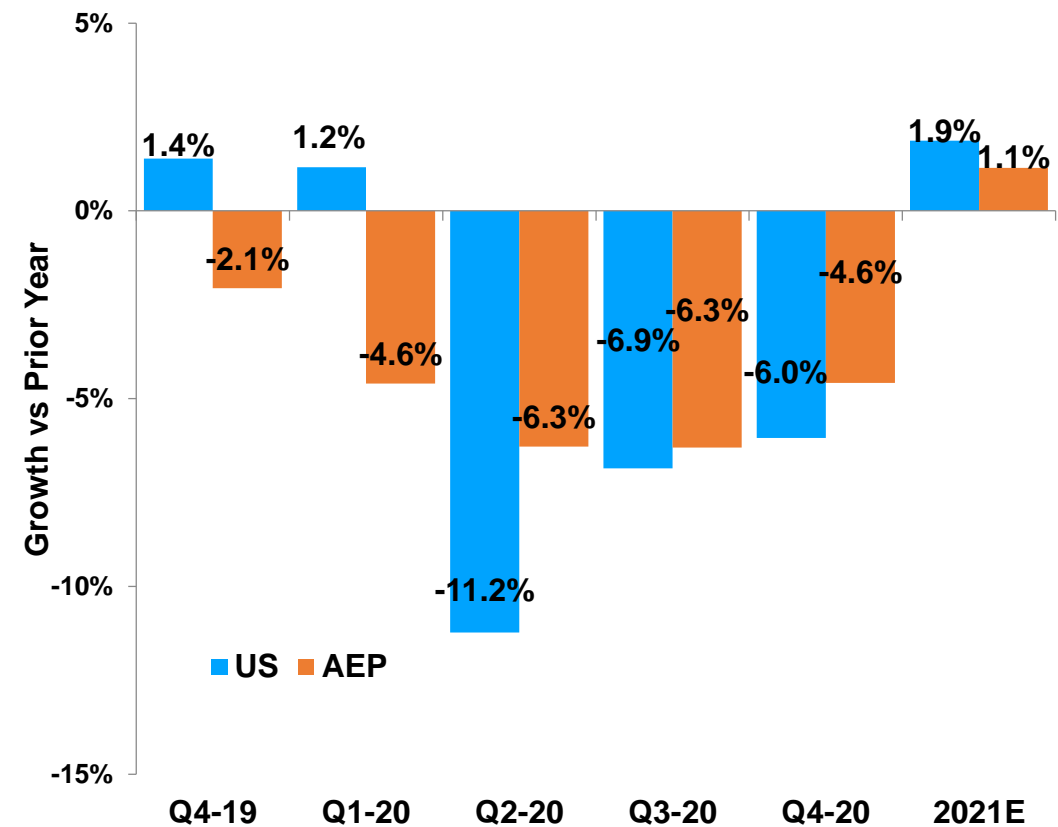


Economic Data – AEP Service Territory

GDP Growth by Quarter



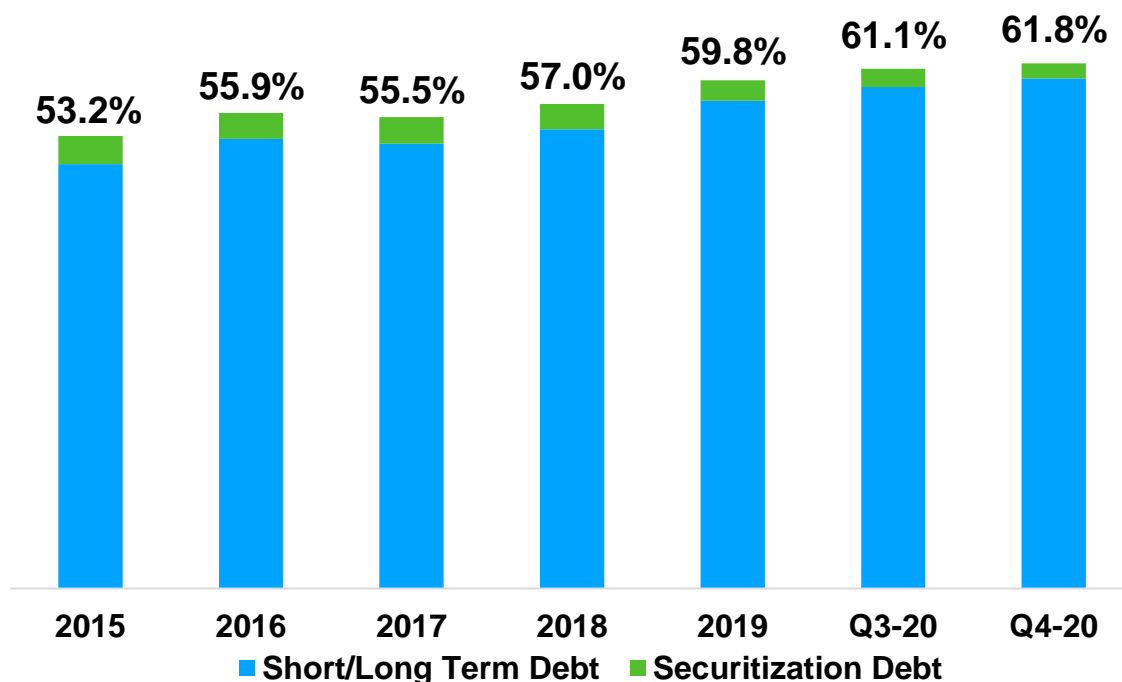
Employment Growth by Quarter



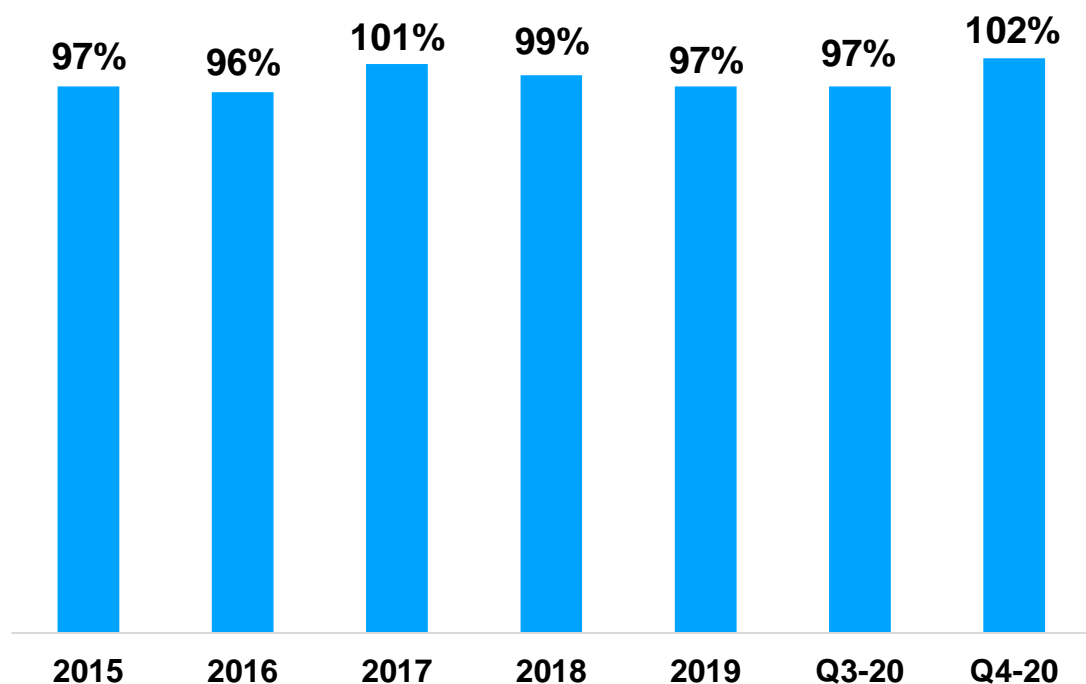
Source: Moody's Analytics

Capitalization & Liquidity

Total Debt/Total Capitalization



Qualified Pension Funding



Credit Statistics

	ACTUAL		TARGET
	Moody's	GAAP	
FFO to Total Debt	13.0%	12.7%	Low to Mid Teens

*Represents the trailing 12 months as of 12/31/2020
See Appendix for reconciliation to GAAP*

Liquidity Summary

(\$ in millions)	12/31/2020 ACTUAL	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	June 2022
Plus		
Cash & Cash Equivalents	393	
Less		
Commercial Paper Outstanding	(1,852)	
Letters of Credit Issued	-	
Net Available Liquidity	\$ 2,541	

Proven Track Record and 2021 Outlook

PROVEN TRACK RECORD

- ✓ Strong 2020 operating earnings achieved and in upper half of earnings guidance range
- ✓ Dividend growth in line with earnings
- ✓ Disciplined capital allocation
- ✓ Successful regulatory outcomes
- ✓ North Central Wind approval
- ✓ Successful O&M control during COVID-19 pandemic

2021 OUTLOOK

- ❑ 5%-7% growth rate off raised 2021 earnings guidance range of \$4.55 – \$4.75
- ❑ Promote and accelerate a clean energy future with revised carbon emission reduction goals of **80% by 2030** and **net zero by 2050**, renewables replacement capacity and commission of North Central Wind
- ❑ Finalize pending base rate cases
- ❑ Continue O&M efficiencies with Achieving Excellence Program

APPENDIX

4th Quarter Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	Q4-19	Q4-20	Change	Q4-19	Q4-20	Change
Reported GAAP Earnings	\$ 154	\$ 436	\$ 282	\$ 0.31	\$ 0.88	\$ 0.57
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	2	4	2	0.01	0.01	-
Impact of COVID-19 ²	-	3	3	-	-	-
CARES Act ¹	-	4	4	-	0.01	0.01
Virginia Triennial Review ³	-	(14)	(14)	-	(0.03)	(0.03)
Severance Charges ³	(1)	-	1	-	-	-
Impairment of Certain Merchant Generation Assets ¹	25	-	(25)	0.05	-	(0.05)
Previously Retired Coal Generation Assets ³	73	-	(73)	0.15	-	(0.15)
Texas Base Rate Case ⁴	41	-	(41)	0.08	-	(0.08)
AEP Operating Earnings	\$ 294	\$ 433	\$ 139	\$ 0.60	\$ 0.87	\$ 0.27

¹ Items recorded in Generation & Marketing segment

² Items recorded across multiple segments

³ Items recorded in Vertically Integrated Utilities Segment

⁴ Items recorded in Transmission and Distribution Utilities Segment

Weighted average no. of shares outstanding: 494M Q4-19 and 496.4M Q4-20

YTD Quarter Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	YTD-19	YTD-20	Change	YTD-19	YTD-20	Change
Reported GAAP Earnings	\$ 1,921	\$ 2,200	\$ 279	\$ 3.89	\$ 4.44	\$ 0.55
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	6	(6)	(12)	0.01	(0.01)	(0.02)
Severance Charges ²	18	-	(18)	0.04	-	(0.04)
Acquisition Fees ^{1,3}	11	-	(11)	0.02	-	(0.02)
Impact of COVID-19 ²	-	22	22	-	0.05	0.05
Achieving Excellence Program ²	-	45	45	-	0.09	0.09
CARES Act ²	-	(48)	(48)	-	(0.10)	(0.10)
Virginia Triennial Review ⁴	-	(14)	(14)	-	(0.03)	(0.03)
Impairment of Certain Merchant Generation Assets ¹	25	-	(25)	0.05	-	(0.05)
Previously Retired Coal Generation Assets ⁴	73	-	(73)	0.15	-	(0.15)
Texas Base Rate Case ⁵	41	-	(41)	0.08	-	(0.08)
AEP Operating Earnings	\$ 2,095	\$ 2,199	\$ 104	\$ 4.24	\$ 4.44	\$ 0.20

¹ Items recorded in Generation & Marketing segment

² Items recorded across multiple segments

³ Items recorded in Corporate and Other segment

⁴ Items recorded in Vertically Integrated Utilities segment

⁵ Items recorded in Transmission and Distribution Utilities segment

Weighted average no. of shares outstanding: 493.7M YTD-19 and 495.7M YTD-20

Vertically Integrated Utilities

4th Quarter Summary

\$ in millions (except EPS)	Q4-19	Q4-20
Operating Revenues	\$ 2,195	\$ 2,158
Operating Expenses:		
Energy Costs	(673)	(598)
Operations and Maintenance	(819)	(769)
Depreciation and Amortization	(367)	(427)
Taxes Other Than Income Taxes	(114)	(117)
Operating Income	222	247
Net Interest/AFUDC	(132)	(129)
Non-Service Benefit Cost Components	16	17
Income Taxes	30	20
Operating Earnings	136	155
Proforma Adjustments, Net of Tax	(72)	12
GAAP Earnings	\$ 64	\$ 167
EPS from Operating Earnings	\$ 0.28	\$ 0.31

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

Key Drivers: Q4-20 vs. Q4-19

- ✓ Rate Changes: \$26M favorable vs. prior year primarily from rate increases at I&M and SWEPCO
- ✓ Weather: \$34M unfavorable vs. prior year; \$34M unfavorable vs. normal
- ✓ Normal Load: \$21M favorable vs. prior year primarily due to higher residential sales, partially offset by lower industrial sales
- ✓ Wholesale Load: \$19M unfavorable vs. prior year primarily due to expired contracts at I&M
- ✓ O&M: \$71M favorable vs. prior year primarily due to decreased transmission and distribution expenses, insurance expenses and the impact of a 2019 donation to the AEP Foundation, partially offset by employee-related expenses
- ✓ Depreciation: \$47M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of (15.3)% Q4-20 vs. (28.2)% Q4-19

Vertically Integrated Utilities

YTD Summary

\$ in millions (except EPS)	YTD-19	YTD-20
Operating Revenues	\$ 9,367	\$ 8,911
Operating Expenses:		
Energy Costs	(3,103)	(2,545)
Operations and Maintenance	(2,913)	(2,745)
Depreciation and Amortization	(1,447)	(1,601)
Taxes Other Than Income Taxes	(461)	(472)
Operating Income	1,443	1,548
Net Interest/AFUDC	(512)	(520)
Non-Service Benefit Cost Components	68	68
Income Taxes	73	(1)
Operating Earnings	1,072	1,095
Proforma Adjustments, Net of Tax	(90)	(34)
GAAP Earnings	\$ 982	\$ 1,061
EPS from Operating Earnings	\$ 2.17	\$ 2.21

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

Key Drivers: YTD-20 vs. YTD-19

- ✓ Rate Changes: \$123M favorable vs. prior year primarily from rate increases at APCo, I&M and SWEPCO
- ✓ Weather: \$128M unfavorable vs. prior year; \$79M unfavorable vs. normal
- ✓ Wholesale Load: \$66M unfavorable vs. prior year primarily due to expired contracts at I&M and SWEPCO
- ✓ Transmission Revenue: \$87M favorable vs. prior year primarily due to the annual true-up and increased transmission investment
- ✓ O&M: \$214M favorable vs. prior year primarily due to decreased transmission and distribution expenses, plant outage and maintenance expenses, the capitalization of previously expensed North Central Wind costs and the impact of a 2019 donation to the AEP Foundation
- ✓ Depreciation: \$116M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of 0.1% YTD-20 vs. (7.3)% YTD-19

Transmission and Distribution Utilities

4th Quarter Summary

\$ in millions (except EPS)	Q4-19	Q4-20
Operating Revenues	\$ 1,057	\$1,039
Operating Expenses:		
Energy Costs	(191)	(160)
Operations and Maintenance	(406)	(417)
Asset Impairments and Other Related Charges	(10)	-
Depreciation and Amortization	(203)	(166)
Taxes Other Than Income Taxes	(138)	(142)
Operating Income	109	154
Net Interest/AFUDC	(58)	(62)
Non-Service Benefit Cost Components	8	7
Income Taxes	12	(5)
Operating Earnings	71	94
Proforma Adjustments, Net of Tax	(41)	(1)
GAAP Earnings	\$ 30	\$ 93
EPS from Operating Earnings	\$ 0.14	\$ 0.19

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

Key Drivers: Q4-20 vs. Q4-19

- ✓ Rate Changes: \$34M favorable vs. prior year primarily from the Texas DCRF and the Ohio DIR
- ✓ Transmission Revenue: \$19M favorable vs. prior year primarily due to increased transmission investment
- ✓ O&M: \$30M favorable vs. prior year primarily due to decreased transmission and distribution expenses and the impact of a 2019 donation to the AEP Foundation, partially offset by employee-related expenses
- ✓ Income Taxes: actual rate of 5.1% Q4-20 vs. (19.0)% Q4-19

Transmission and Distribution Utilities

YTD Summary

\$ in millions (except EPS)	YTD-19	YTD-20
Operating Revenues	\$ 4,511	\$ 4,346
Operating Expenses:		
Energy Costs	(794)	(683)
Amortization of Generation Deferrals	(65)	-
Operations and Maintenance	(1,628)	(1,558)
Asset Impairments and Other Related Charges	(10)	-
Depreciation and Amortization	(789)	(751)
Taxes Other Than Income Taxes	(575)	(587)
Operating Income	650	767
Net Interest/AFUDC	(201)	(253)
Non-Service Benefit Cost Components	30	29
Income Taxes	14	(35)
Operating Earnings	493	508
Proforma Adjustments, Net of Tax	(42)	(12)
GAAP Earnings	\$ 451	\$ 496
EPS from Operating Earnings	\$ 1.00	\$ 1.03

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

Key Drivers: YTD-20 vs. YTD-19

- ✓ Ohio Regulatory Provision: \$58M unfavorable due to prior recognition of 2016 SEET provision reversal
- ✓ Rate Changes: \$87M favorable vs. prior year primarily due to the Ohio DIR and gridSMART and Texas DCRF, partially offset by the roll off of the Ohio RSR
- ✓ Weather: \$17M unfavorable vs. prior year; \$7M unfavorable vs. normal
- ✓ Transmission Revenue: \$78M favorable vs. prior year primarily due to the annual true-up and increased transmission investment
- ✓ O&M: \$102M favorable vs. prior year primarily due to decreased transmission and distribution expenses and the impact of a 2019 donation to the AEP Foundation, partially offset by employee-related expenses
- ✓ Depreciation: \$53M 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: \$29M unfavorable due to higher long-term debt balances
- ✓ Income Taxes: actual rate of 6.5% YTD-20 vs. (2.9)% YTD-19

AEP Transmission Holdco

4th Quarter Summary

\$ in millions (except EPS)	Q4-19	Q4-20
Operating Revenues	\$ 265	\$ 321
Operating Expenses:		
Operations and Maintenance	(42)	(33)
Depreciation and Amortization	(50)	(75)
Taxes Other Than Income Taxes	(44)	(53)
Operating Income	129	160
Net Interest/AFUDC	(5)	(15)
Non-Service Benefit Cost Components	1	1
Income Taxes	(30)	(30)
Equity Earnings	18	20
Other	(1)	(1)
Operating and GAAP Earnings	\$ 112	\$ 135
EPS from Operating Earnings	\$ 0.23	\$ 0.27

Key Drivers: Q4-20 vs. Q4-19

- ✓ \$23M favorable Operating Earnings vs. prior year primarily due to increased transmission investment

AEP Transmission Holdco

YTD Summary

\$ in millions (except EPS)	YTD-19	YTD-20
Operating Revenues	\$ 1,073	\$ 1,199
Operating Expenses:		
Operations and Maintenance	(119)	(114)
Depreciation and Amortization	(183)	(258)
Taxes Other Than Income Taxes	(174)	(211)
Operating Income	597	616
Net Interest/AFUDC	(16)	(56)
Non-Service Benefit Cost Components	2	2
Income Taxes	(136)	(132)
Equity Earnings	73	83
Other	(4)	(4)
Operating Earnings	516	509
Proforma Adjustments, Net of Tax	-	(4)
GAAP Earnings	\$ 516	\$ 505
EPS from Operating Earnings	\$ 1.05	\$ 1.03

Key Drivers: YTD-20 vs. YTD-19

- ✓ \$7M 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

Generation & Marketing

4th Quarter Summary

\$ in millions (except EPS)	Q4-19	Q4-20
Operating Revenues	\$ 432	\$ 426
Operating Expenses:		
Energy Costs	(338)	(353)
Operations and Maintenance	(66)	(40)
Depreciation and Amortization	(20)	(19)
Taxes Other Than Income Taxes	(4)	(3)
Operating Income	4	11
Net Interest/AFUDC	(7)	(3)
Non-Service Benefit Cost Components	4	4
Income Taxes	(5)	6
Other	4	6
Operating Earnings	-	24
Proforma Adjustments, Net of Tax	(27)	(8)
GAAP Earnings	\$ (27)	\$ 16
EPS from Operating Earnings	\$ 0.00	\$ 0.05

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

Key Drivers: Q4-20 vs. Q4-19

- ✓ Generation decreased 413 GWh (30%) Q4-20 vs Q4-19 primarily due to the retirement of Conesville Plant Unit 4 in May 2020
- ✓ AEP Dayton ATC liquidations down 15%: \$22.52/MWh in Q4-20 vs. \$26.41/MWh in Q4-19
- ✓ Income Taxes: actual rate of (41.3)% Q4-20 vs. 174.8% Q4-19

Generation & Marketing

YTD Summary

\$ in millions (except EPS)	YTD-19	YTD-20
Operating Revenues	\$ 1,865	\$ 1,718
Operating Expenses:		
Energy Costs	(1,456)	(1,404)
Operations and Maintenance	(217)	(123)
Depreciation and Amortization	(69)	(73)
Taxes Other Than Income Taxes	(16)	(13)
Operating Income	107	105
Net Interest/AFUDC	(22)	(20)
Non-Service Benefit Cost Components	15	15
Income Taxes	44	65
Other	5	13
Operating Earnings	149	178
Proforma Adjustments, Net of Tax	(36)	49
GAAP Earnings	\$ 113	\$ 227
EPS from Operating Earnings	\$ 0.30	\$ 0.36


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

Key Drivers: YTD-20 vs. YTD-19


- ✓ Generation decreased 1,676 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 22%: \$20.95/MWh in YTD-20 vs. \$26.77/MWh in YTD-19
- ✓ Income Taxes: actual rate of (63.1)% YTD-20 vs. (46.2)% YTD-19

4th Quarter Rate Performance

Vertically Integrated Utilities


	Rate Changes, net of offsets (\$ in millions) Q4-20 vs. Q4-19
APCo/WPCo	\$2
I&M	\$24
KPCo	\$2
PSO	\$(6)
SWEPCO	\$4
Kingsport	-
TOTAL	\$26
Impact on EPS	

Transmission and Distribution Utilities


	Rate Changes, net of offsets (\$ in millions) Q4-20 vs. Q4-19
AEP Ohio	\$9
AEP Texas	\$25
TOTAL	\$34
Impact on EPS	

YTD Quarter Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (\$ in millions) YTD-20 vs. YTD-19
APCo/WPCo	\$31
I&M	\$60
KPCo	\$1
PSO	\$(7)
SWEPCO	\$39
Kingsport	\$(1)
TOTAL	\$123
Impact on EPS	 \$0.20



Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions) YTD-20 vs. YTD-19
AEP Ohio ¹	\$31
AEP Texas	\$56
TOTAL	\$87
Impact on EPS	 \$0.13

¹ Includes impact of Ohio legacy riders

4th Quarter Weather Impact

Vertically Integrated Utilities



	Weather Impact (\$ in millions)	
	Q4-20 vs. Q4-19	Q4-20 vs. Normal
APCo/WPCo	\$(17)	\$(17)
I&M	\$(8)	\$(7)
KPCo	\$(3)	\$(3)
PSO	-	-
SWEPCO	\$(6)	\$(7)
Kingsport	-	-
TOTAL	\$(34)	\$(34)
Impact on EPS	 \$0.06	 \$0.06

Transmission and Distribution Utilities



	Weather Impact (\$ in millions)	
	Q4-20 vs. Q4-19	Q4-20 vs. Normal
AEP Ohio	-	-
AEP Texas	\$(2)	\$(1)
TOTAL	\$(2)	\$(1)
Impact on EPS	-	-

YTD Weather Impact

Vertically Integrated Utilities


	Weather Impact (\$ in millions)	
	YTD-20 vs. YTD-19	YTD-20 vs. Normal
APCo/WPCo	\$(58)	\$(36)
I&M	\$(16)	\$(5)
KPCo	\$(9)	\$(7)
PSO	\$(15)	\$(6)
SWEPCO	\$(30)	\$(25)
Kingsport	-	-
TOTAL	\$(128)	\$(79)
Impact on EPS	 \$0.21	 \$0.13

Transmission and Distribution Utilities

	Weather Impact (\$ in millions)	
	YTD-20 vs. YTD-19	YTD-20 vs. Normal
AEP Ohio	-	-
AEP Texas	\$(17)	\$(7)
TOTAL	\$(17)	\$(7)
Impact on EPS	 \$0.03	 \$0.01

4th Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load ¹ (weather normalized) Q4-20 vs. Q4-19
APCo/WPCo	(0.2)%
I&M	0.5%
KPCo	(6.8)%
PSO	(2.1)%
SWEPCO	(1.9)%
Kingsport	(17.0)%
TOTAL	(1.5)%
Impact on EPS ²	

Transmission and Distribution Utilities


	Retail Load ¹ (weather normalized) Q4-20 vs. Q4-19
AEP Ohio	1.3%
AEP Texas	3.9%
TOTAL	2.4%
Impact on EPS ²	-

¹ Includes load on a bill 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	(2.5)%
I&M	(2.8)%
KPCo	(7.0)%
PSO	(2.7)%
SWEPCO	(3.7)%
Kingsport	(13.6)%
TOTAL	(3.3)%
Impact on EPS ²	

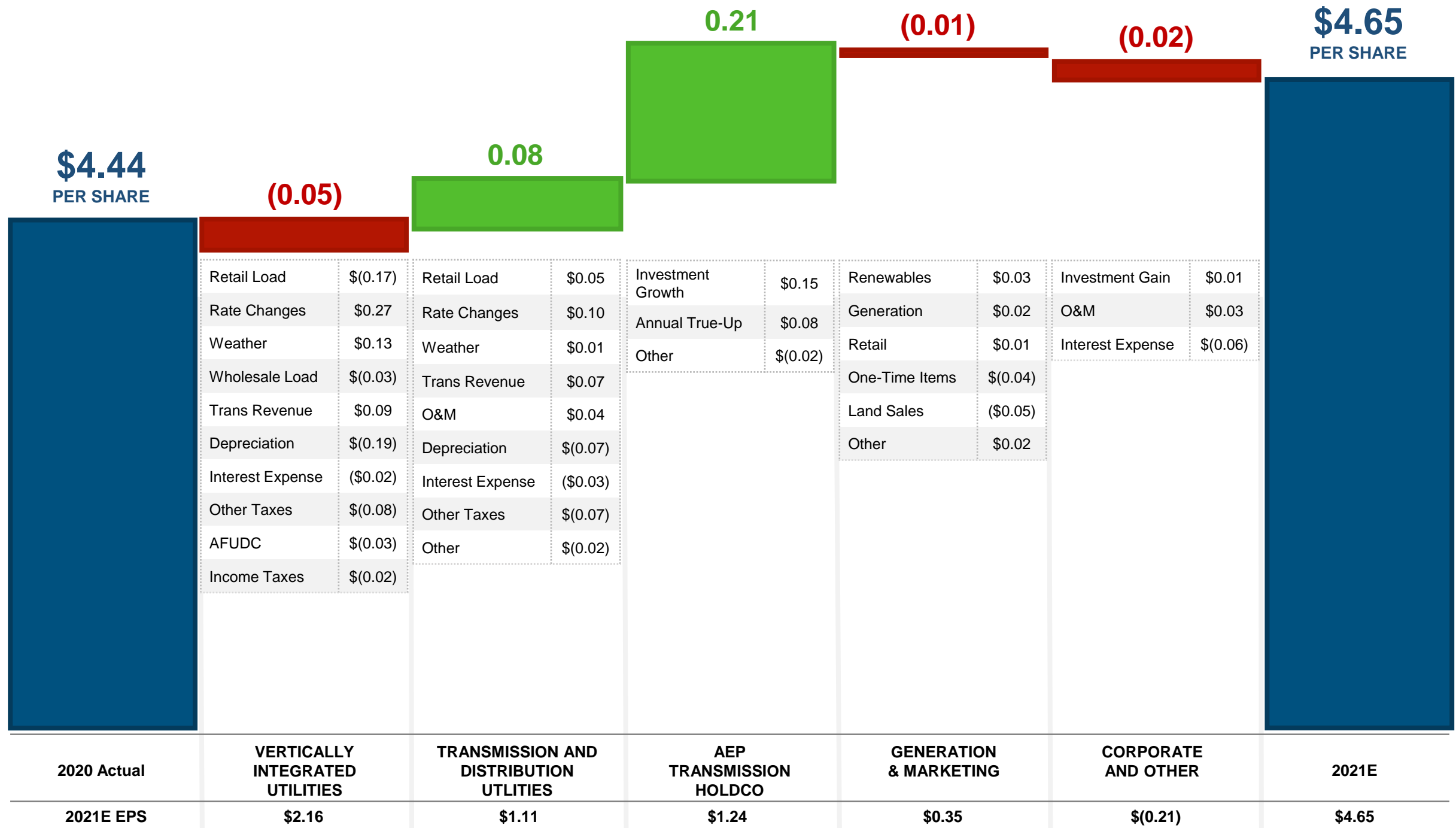
Transmission and Distribution Utilities

	Retail Load ¹ (weather normalized) YTD-20 vs. YTD-19
AEP Ohio	(2.4)%
AEP Texas	1.3%
TOTAL	(0.8)%
Impact on EPS ²	

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

² Includes EPS impact of accrued revenues

2021 Operating Earnings Segment Detail



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

Note: Parties are currently engaged in settlement discussions.



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

Commission Order Summary¹

Order Received	11/24/2020
Effective Date	01/23/2021
ROE	9.2%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$0M (Less \$25.5M D&A)
Net Revenue Decrease	\$25.5M

¹ On 11/25/2020, APCo filed an appeal of the commission order with the Virginia Supreme Court. On 12/14/2020, APCo filed a petition for reconsideration with the Virginia SCC which was subsequently granted on 12/15/2020, resulting in a suspension of the final order.



Current Rate Case Activity

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
<u>Commission Order Summary</u>	
Order Received	01/13/2021
Effective Date	01/14/2021
ROE	9.3%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$52M

SWEPCO - Louisiana

Docket #	U-35441
Filing Date	12/18/2020
Requested Rate Base	\$2.1B
Requested ROE	10.35%
Cap Structure	49.2%D / 50.8%E
Gross Revenue Increase	\$134M (Less \$41M D&A)
Net Revenue Increase	\$93M
Test Year	12/31/2019 ¹

¹ Includes proposed pro-forma adjustment to plant in-service through 12/31/2020



SWEPCO - Texas

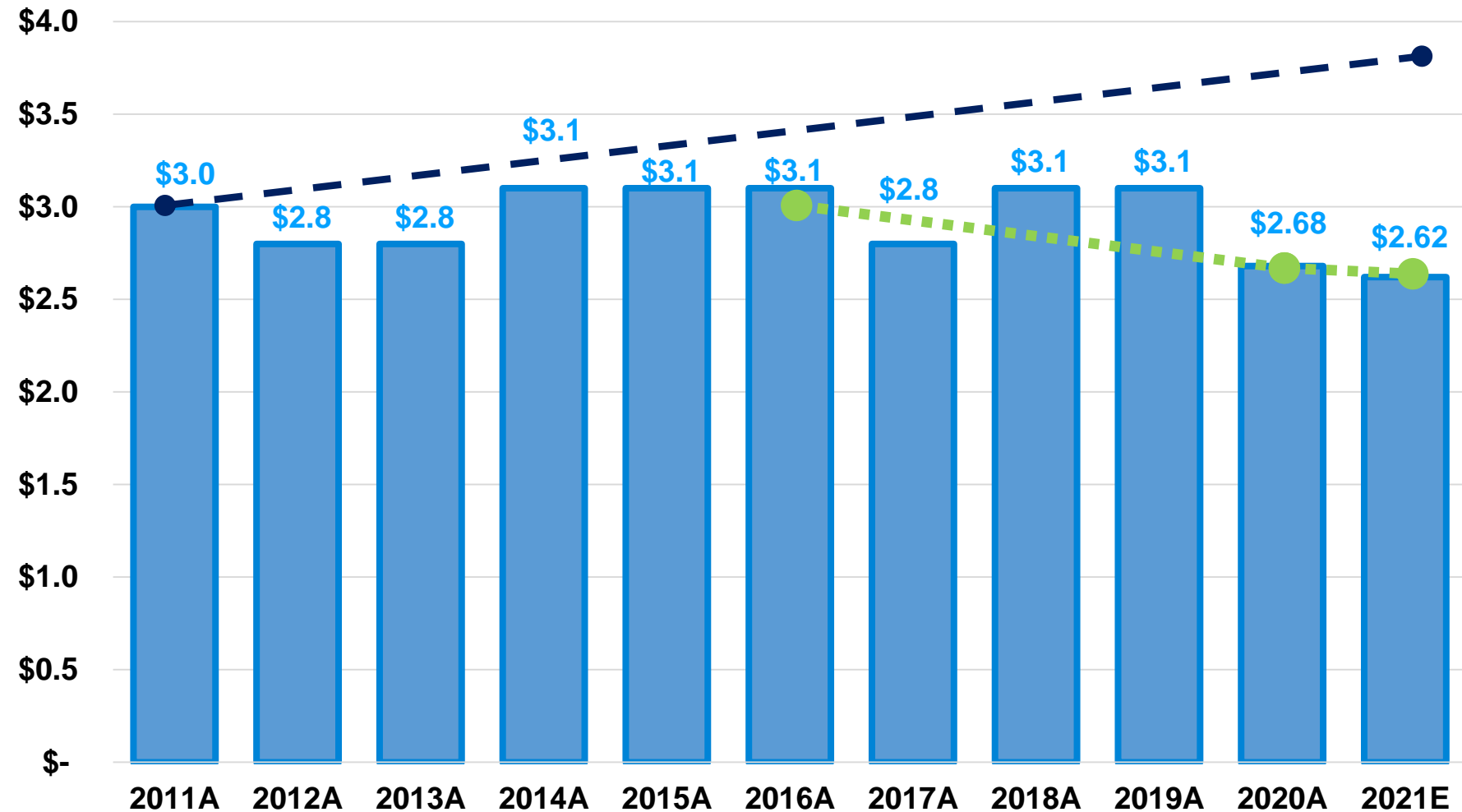
Docket #	51415
Filing Date	10/13/2020
Requested Rate Base	\$2.0B
Requested ROE	10.35%
Cap Structure	50.6%D / 49.4%E
Gross Revenue Increase	\$90M ² (Less \$17M D&A)
Net Revenue Increase	\$73M
Test Year	03/31/2020
<u>Procedural Schedule</u>	
Intervenor Testimony	03/31/2021
Staff Testimony	04/07/2021
Rebuttal Testimony	04/23/2021
Hearing	05/19/2021
Expected Commission Order	10/27/2021

² Does not include \$15M of current riders moving to base rates



Untracked O&M

(in billions)






O&M focuses on bending the O&M curve down

O&M actual spend represents adjusted spend throughout each year as needed

■ Actuals/2021 Estimate ●● Inflation @ 2% ●● Bending the Curve Trajectory

Advancing Towards a Clean Energy Future

Projected Resource Additions¹

SOLAR ADDITIONS (MW) 				WIND ADDITIONS (MW) 				NATURAL GAS ADDITIONS (MW) 				TOTAL PROJECTED RESOURCE ADDITIONS (MW)	
Company	2021 - 2022	2023 - 2025	2026 - 2030	Company	2021 - 2022	2023 - 2025	2026 - 2030	Company	2021 - 2022	2023 - 2025	2026 - 2030	Resource	2021-2030
APCo	110	150	450	APCo	-	200	400	I&M	18	18	788	Solar	3,794
I&M	150	300	850	I&M	300	150	300	PSO	373 ³	37 ³	373 ³	Wind	Up to 6,635
KPCo	20	253	-	KPCo	-	-	200	Totals	391	55	1,161	Natural Gas	1,607
PSO	11	300	900	PSO	675 ²	400	200					Totals	Up to 12,036
SWEPCO	-	200	100	SWEPCO	810 ²	Up to 1,500	Up to 1,500						
Totals	291	1,203	2,300	Totals	1,785	Up to 2,250	Up to 2,600						

¹ Representative of IRP filings and subsequent public filings or planned RFPs, as well as projects that have obtained regulatory approval but have not yet reached commercial operation

² Represents North Central Wind

³ To replace expiring PPA

As of 2/15/21

Renewables Progress Update

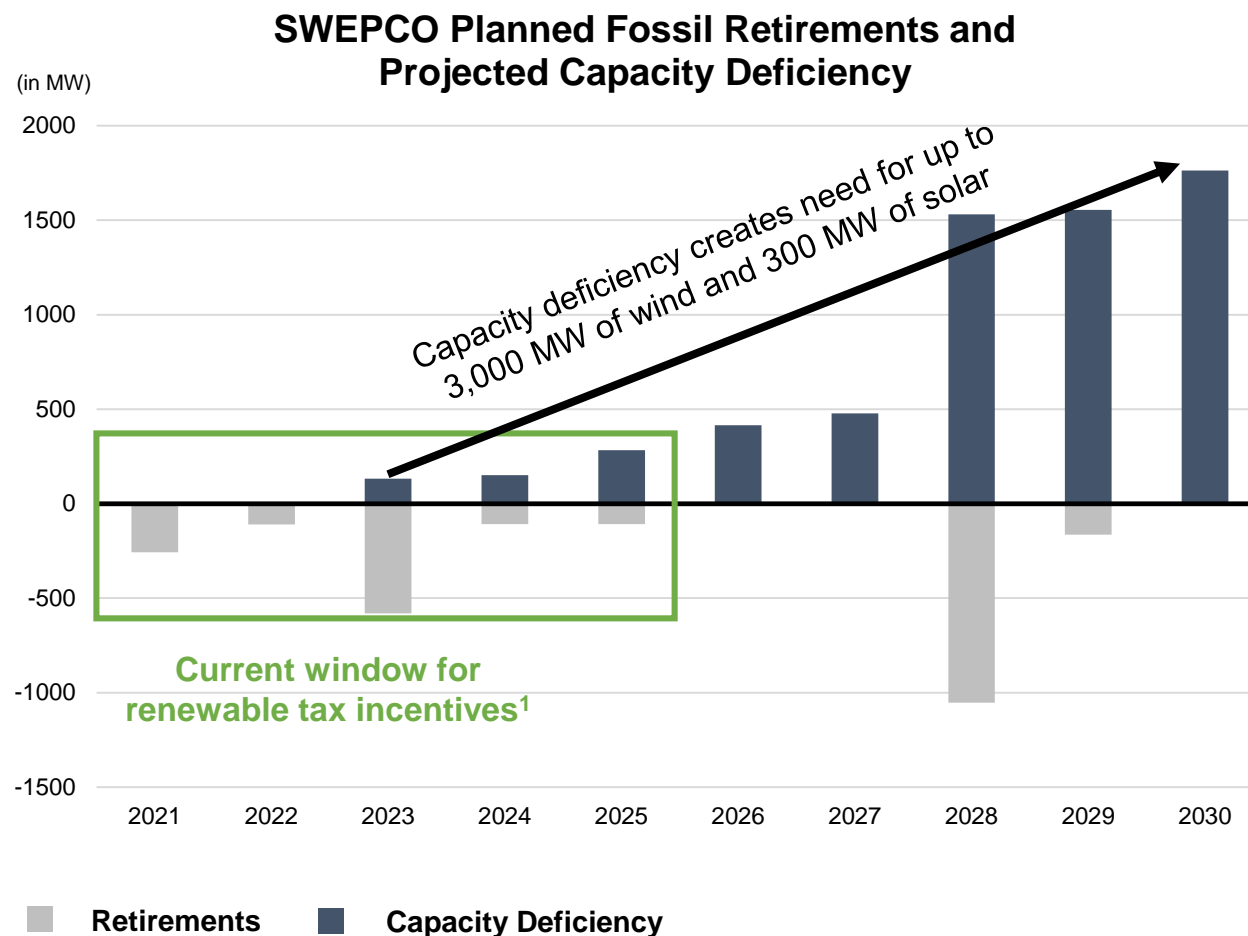
Company	Structure	Solar (MW)	Wind (MW)	Public Status	Expected In-Service	In 2021-2025 Capital Plan
APCo (VA)	PPA	15	-	Expected COD Q2-21	2021	N/A
APCo (VA)	PPA	40	-	Expected COD 2021	2021	N/A
APCo (VA)	Owned	5	-	Solar RFP issued in January 2020	2023	Yes
APCo (VA)	Owned	100 ⁴	200 ⁴	RFP issued in February 2021	2023	Partially
APCo (WV)	Owned	50	-	Solar RFP issued in June 2020	2022	Yes
I&M	Owned	20	-	Approval received (St. Joseph Solar)	2021	Yes
I&M	2/3 Owned & 1/3 PPA	300 ⁴	150 ⁴	Solar and wind RFP issued November 2020	2023	Yes
PSO	Owned	-	675	Approval received (North Central Wind)	2021/2022	Yes
SWEPCO (AR, LA)	Owned	-	810	Approval received (North Central Wind)	2021/2022	Yes
SWEPCO	Owned	300	Up to 3,000	RFP planned for Q2-21	2025/2028	No
Total MW		830	Up to 4,835			

Total of up to 5,665 MW of renewable projects in progress

⁴ Final solar and wind split to be determined

Note: Regulated renewable plan to be updated across all AEP companies in Q2-21

SWEPCO Generation Replacement Plan



¹ Solar ITC reduced to 10% in 2026

- Planned retirement of fossil generation facilities at SWEPCO drives a capacity need of nearly 2 GW by 2030
 - 2021: Dolet Hills (257 MW) – lignite
 - 2023: Pirkey (580 MW) – coal
 - 2028: Welsh (1053 MW) – coal operations cessation
 - By 2029: 489 MW – gas
- SWEPCO's capacity need creates a renewable energy and dispatchable resource replacement opportunity over the 2021-2030 time horizon
 - Up to 3,000 MW of wind
 - ~ 300 MW of solar
- Anticipate issuing an RFP in Q2-21 for acquisition of resources to satisfy near-term capacity needs
 - Targeting large-scale renewables acquisition to take advantage of tax incentives
- Total renewable acquisition amount through 2030 will be contingent on factors such as market response, pricing and terms, technology, public policy, and availability and timing of tax incentives

Will provide a regulated renewable plan update across all AEP companies in Q2-21

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

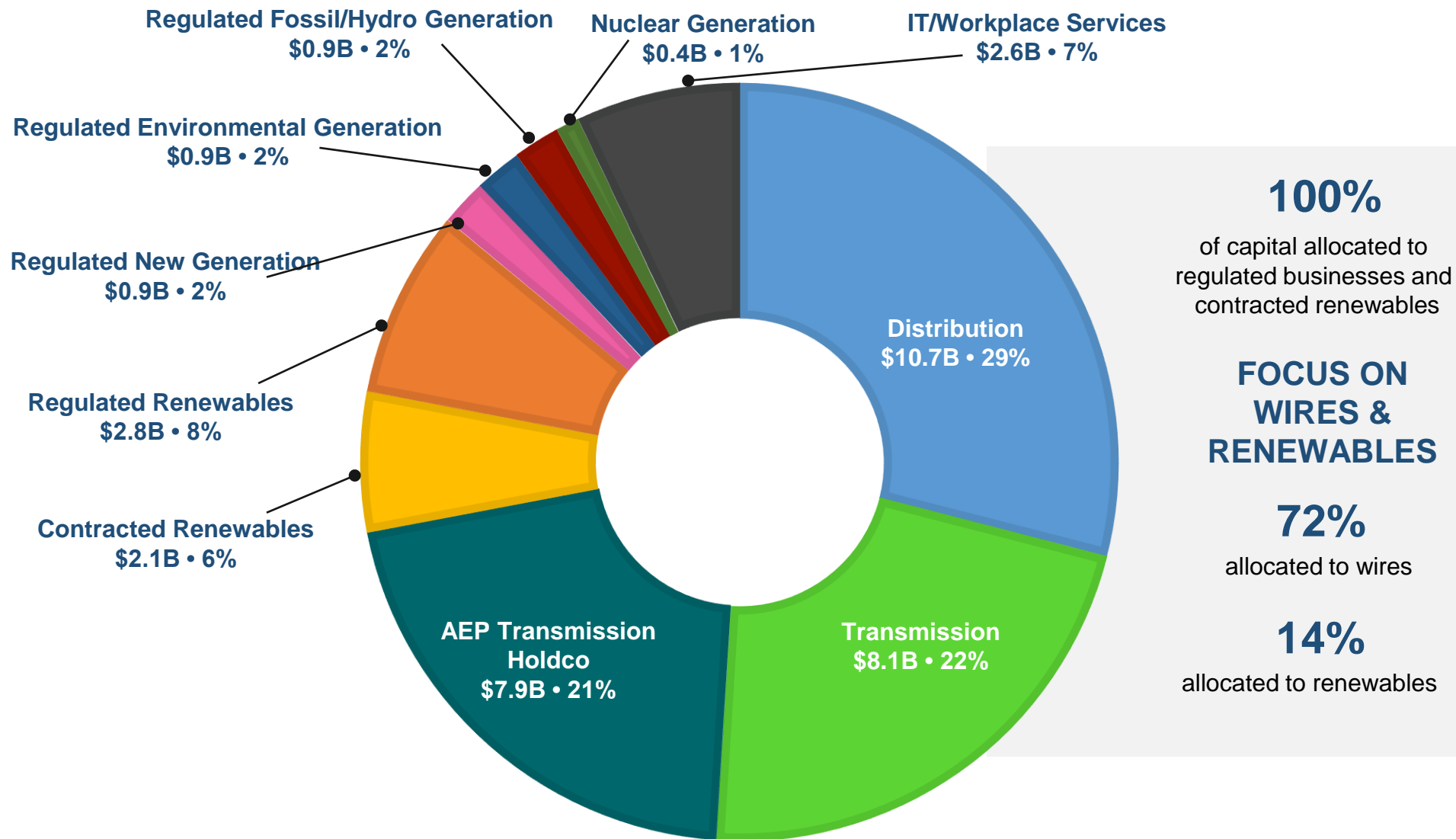
Total Rate Base Investment	~\$2 billion (1,485 MW)			
North Central Wind	<u>Name</u>	<u>MW</u>	<u>Investment</u>	<u>Target Date</u>
	Sundance	199	\$307M	Mar. 2021 (100% PTC)
	Maverick	287	\$402M	Dec. 2021 (80% PTC)
	Traverse	999	\$1,287M	Dec. 2021 to Apr. 2022 (80% PTC)
Net Capacity Factor	44.0%			
Customer 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

2021 - 2025 Capital Forecast of \$37B and Net Plant

2021-2025 Capital Forecast



Cash Flows and Financial Metrics

\$ in millions	2021E	2022E	2023E
Cash from Operations	\$ 5,100	\$ 5,700	\$ 6,000
Capital & JV Equity Contributions ¹	(7,500)	(8,000)	(6,900)
Other Investing Activities	(300)	(300)	(300)
Common Dividends ²	(1,400)	(1,500)	(1,500)
Required Capital	\$ (4,100)	\$ (4,100)	\$ (2,700)
Financing			
Required Capital	\$ (4,100)	\$ (4,100)	\$ (2,700)
Debt Maturities (Senior Notes, PCRBs)	(2,000)	(3,000)	(1,400)
Securitization Amortizations	(100)	(100)	(100)
Equity Units Conversion	-	805	850
Equity Issuances – Includes DRP ³	600	1,400	100
Debt Capital Market Needs (New)	\$ (5,600)	\$ (4,995)	\$ (3,250)
Financial Metrics			
Debt to Capitalization (GAAP)	Approximately 60%		
FFO/Total Debt (Moody's)	Low to Mid Teens Reflecting Accelerated Flowback of ADFIT		

¹ Capital expenditures in 2021 include \$709M for North Central Wind's Sundance and Maverick projects. Expenditures in 2022 include \$1.287B for North Central Wind's Traverse project.

² Common dividends increased to \$0.74 per share Q4-20; \$2.96/share 2021-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

³ Equity needs in 2021 include approximately \$500M for North Central Wind's Sundance and Maverick projects. Equity needs in 2022 include approximately \$800M for North Central Wind's Traverse project. Total equity needs for the project are \$1.3B.

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 12/31/20 (in millions)
Cash Flow From Operations	\$ 3,833
Adjustments:	
Changes in Working Capital	656
Capitalized Interest	(66)
Securitization Amortization	(196)
Adjusted Funds from Operations (FFO)	\$ 4,227

Adjusted Total Debt Calculation

	As of 12/31/20 (in millions)
GAAP Total Debt (incl. current maturities)	\$ 33,552
Less:	
Securitization Bonds	(723)
Spent Nuclear Fuel Trust	(281)
Equity Units Capital Adjust (25%)	(414)
Add:	
Finance Lease Obligations	289
Operating Leases	880
Adjusted Total Debt (Non-GAAP)	\$ 33,303

FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$ 4,227}{\$ 33,303} = 12.7\%^1$$

¹ FFO to Total Debt is 13.0% on a Moody's basis.