

2ND QUARTER 2021 EARNINGS RELEASE PRESENTATION

July 22, 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. Reflecting special items recorded through the second quarter of 2021, the estimated earnings per share on a GAAP basis would be \$4.53 to \$4.73 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.

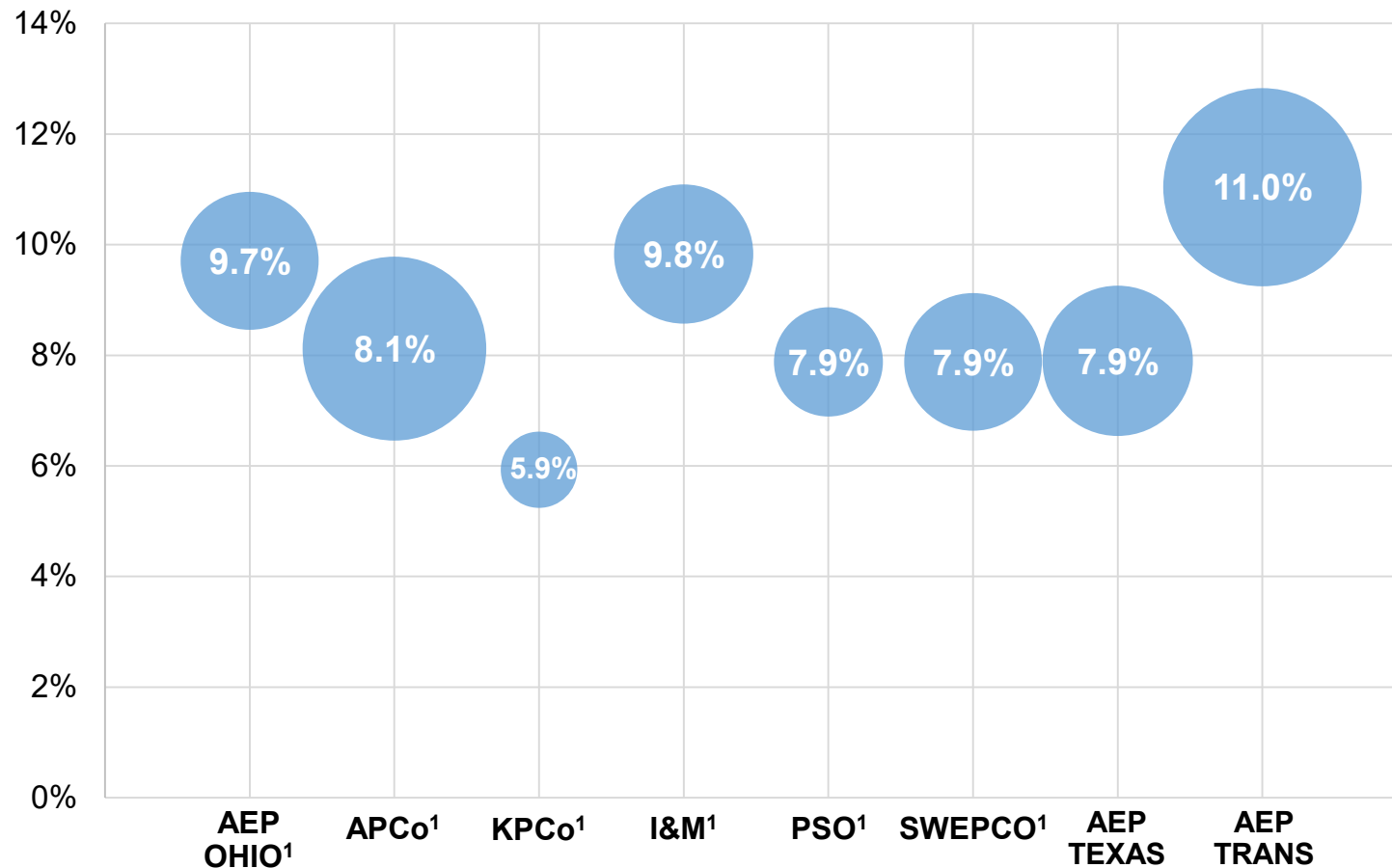
These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. AEP has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance 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.

2nd Quarter 2021 Business Update

- ❑ Reaffirm 2021 operating earnings guidance range of \$4.55-\$4.75 and 5%-7% long-term growth rate
- ❑ Update on the economy and load
- ❑ Current regulatory activity: Arkansas, Indiana, Louisiana, Ohio, Oklahoma, Texas (SWEPCO), CCR/ELG, Transmission
- ❑ Execute on AEP's clean energy opportunities
 - North Central Wind
 - Issued RFPs at APCo and SWEPCO for large-scale owned renewable energy resources
 - Plan to issue an RFP in October 2021 for PSO's resource needs
- ❑ Kentucky strategic review

Regulated Returns

Twelve Months Ended 6/30/2021 Earned ROE's
(non-GAAP operating earnings, not weather normalized)



Regulated Operations ROE of 9.0%
(as of June 30, 2021)

¹ Base rate cases pending/order recently received

² 6/30/2021 data represents equity layers as requested in pending base rate cases

Sphere size based on each company's relative equity balance

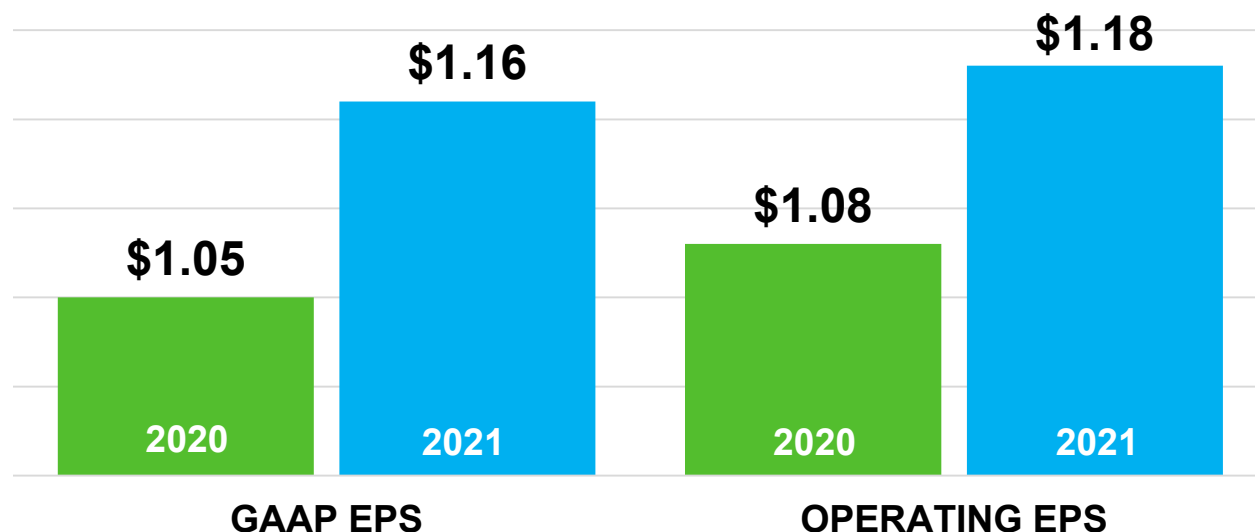
Authorized Equity Layers
(in whole percentages)

Operating Company	6/30/17	6/30/21	Improvement
AEP Ohio ²	48%	54%	6%
APCo – VA	43%	50%	7%
APCo – WV	47%	50%	3%
PSO ²	44%	53%	9%
SWEPCO – AR	46%	48%	2%
SWEPCO –LA ²	47%	51%	4%
AEP Texas	40%	43%	3%
AEP Transmission	50%	55%	5%

**Improving Our
Authorized Equity
Layers Over Time**

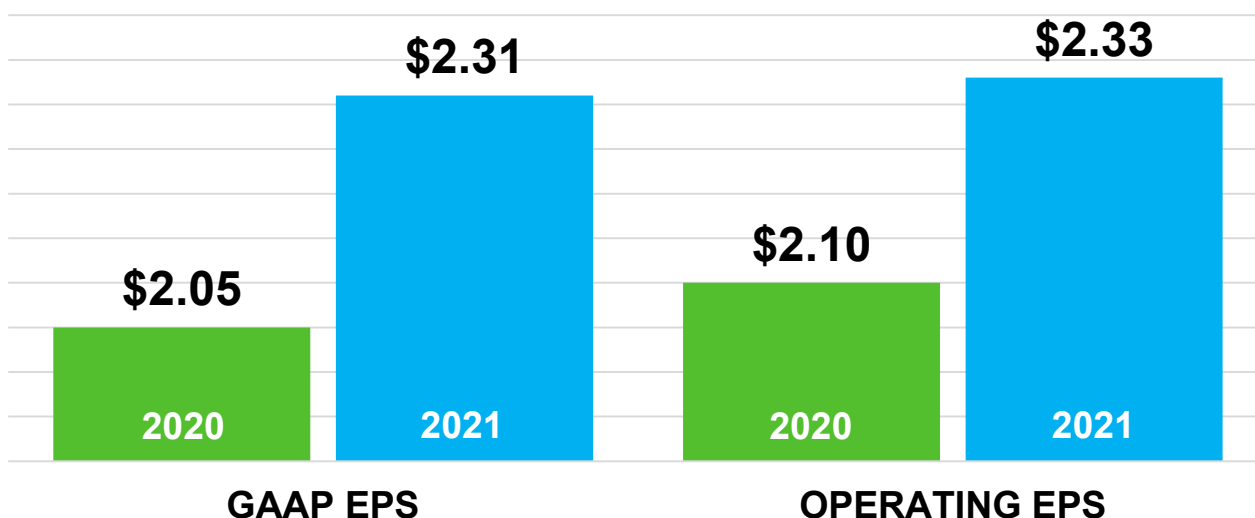
2nd Quarter 2021 Financial Update

2ND QUARTER 2021



- ✓ Delivered GAAP earnings of \$1.16 per share or \$578M for the second quarter of 2021
- ✓ Delivered operating earnings of \$1.18 per share or \$590M for the second quarter of 2021

YTD 2021

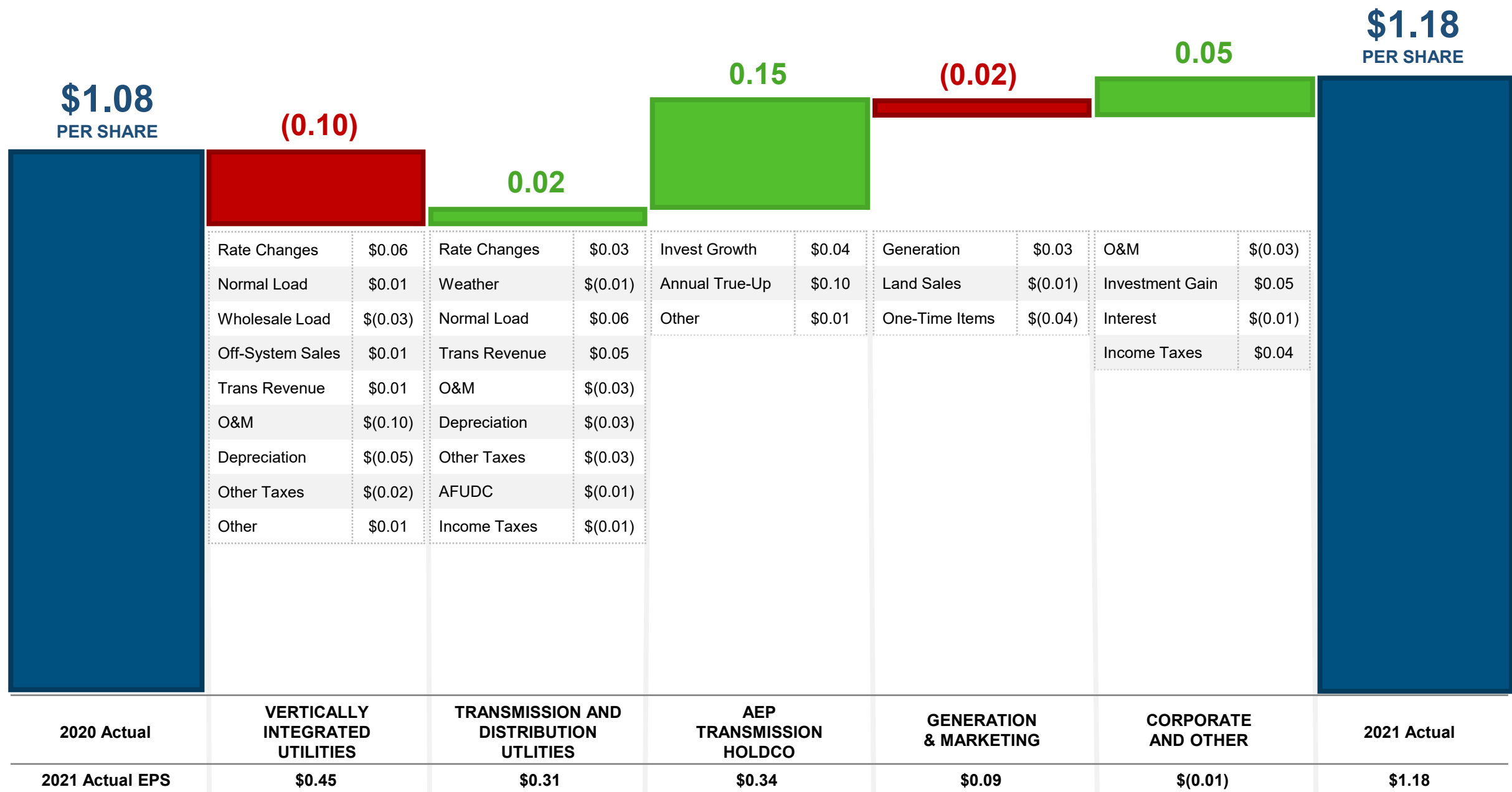


- ✓ Delivered GAAP earnings of \$2.31 per share or \$1.2B for YTD June 2021
- ✓ Delivered operating earnings of \$2.33 per share or \$1.2B for YTD June 2021

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

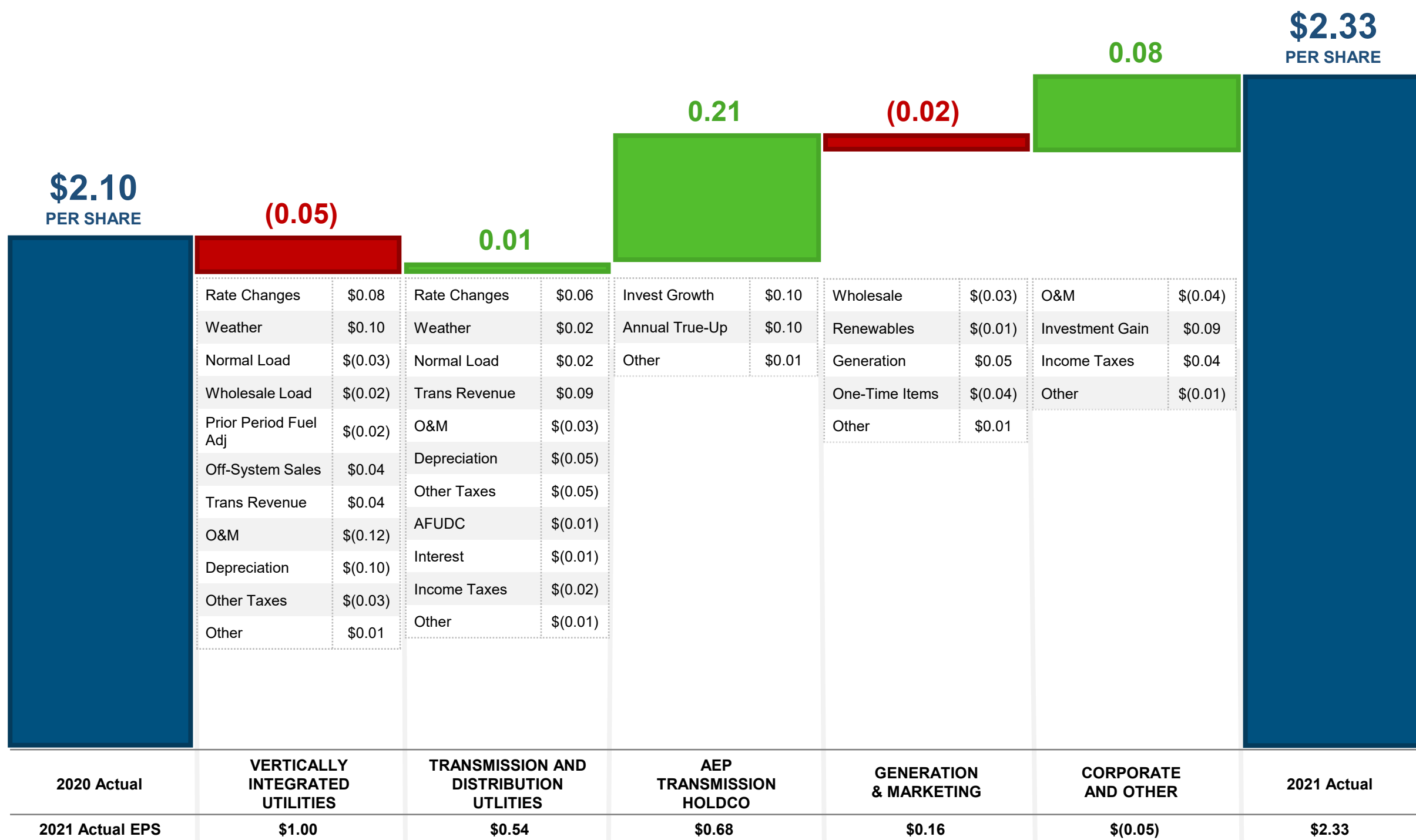
Refer to Appendix for reconciliation between GAAP and Operating EPS

2nd Quarter Operating Earnings Segment Detail



Refer to Appendix for additional explanation of variances by segment

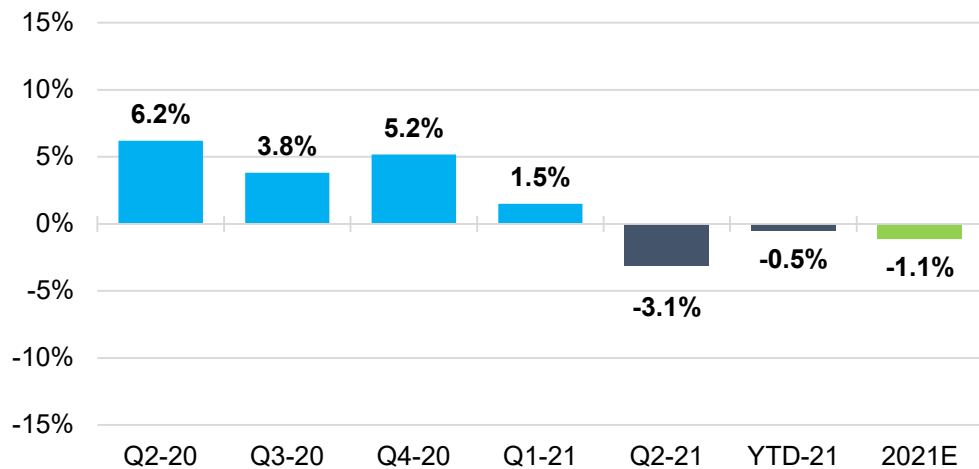
YTD Operating Earnings Segment Detail



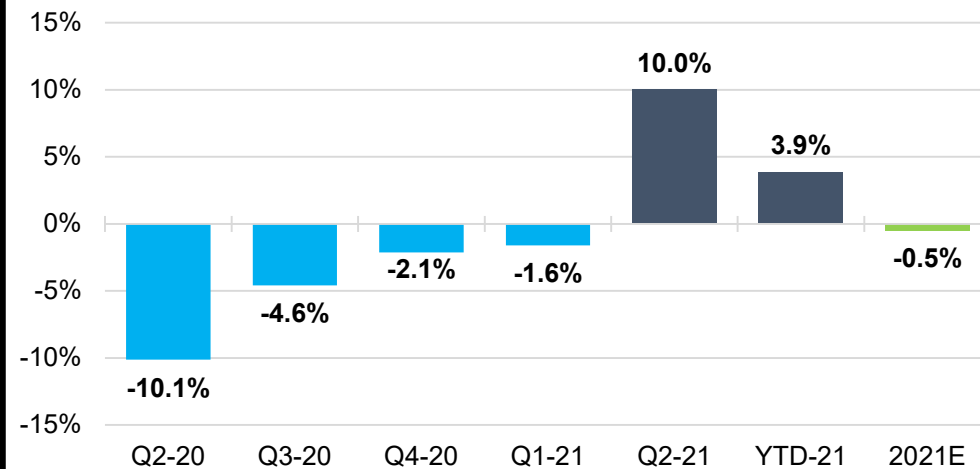
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends

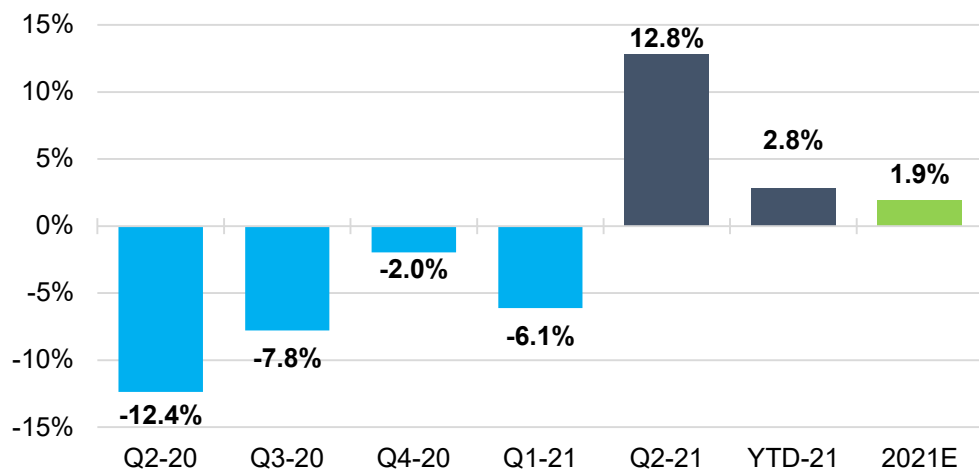
AEP Normalized Residential GWh Sales
% Change vs. Prior Year



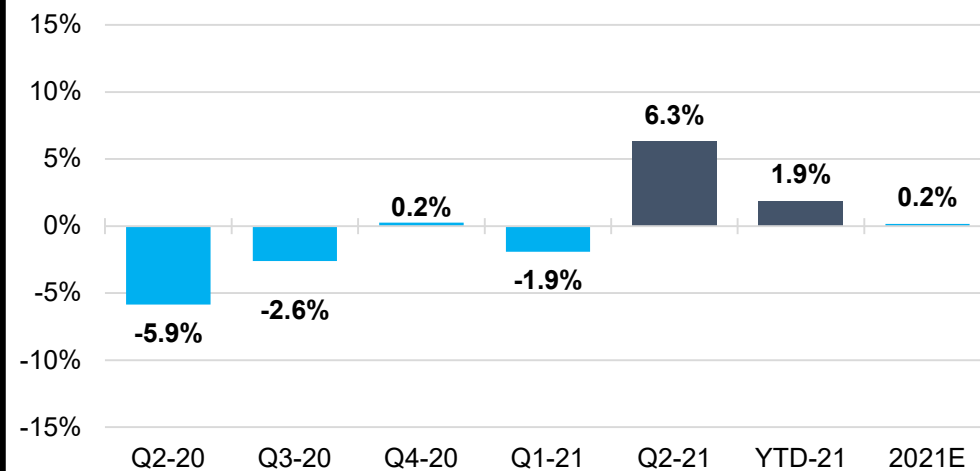
AEP Normalized Commercial GWh Sales
% Change vs. Prior Year



AEP Normalized Industrial GWh Sales
% Change vs. Prior Year



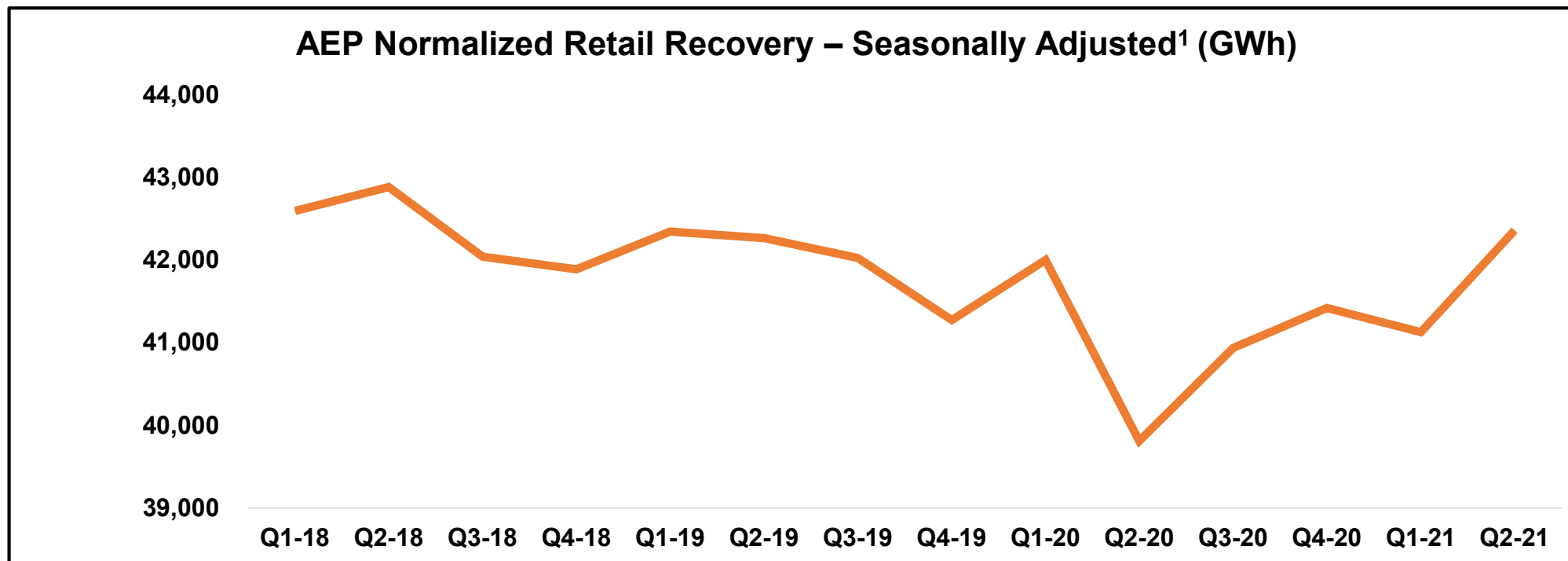
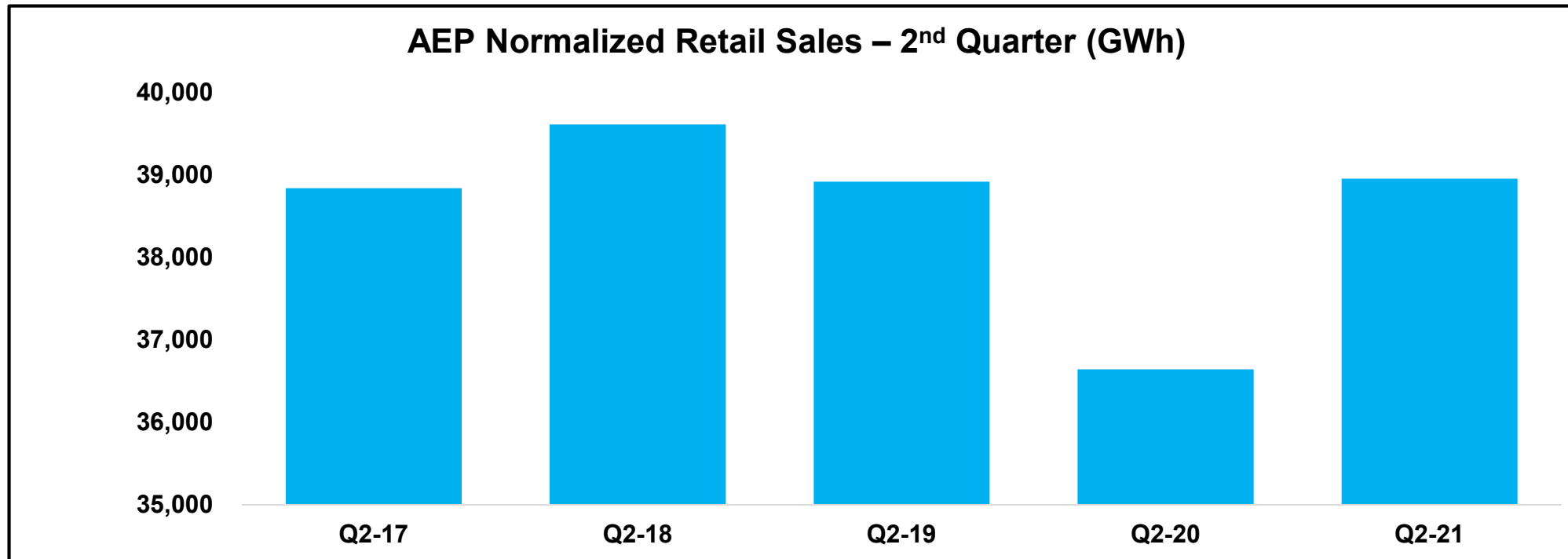
AEP Total Normalized GWh Sales
% Change vs. Prior Year



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

Note: Q2-20 GWh sales were primarily at the trough of the COVID-19 recession in comparison to Q2-21 GWh sales.

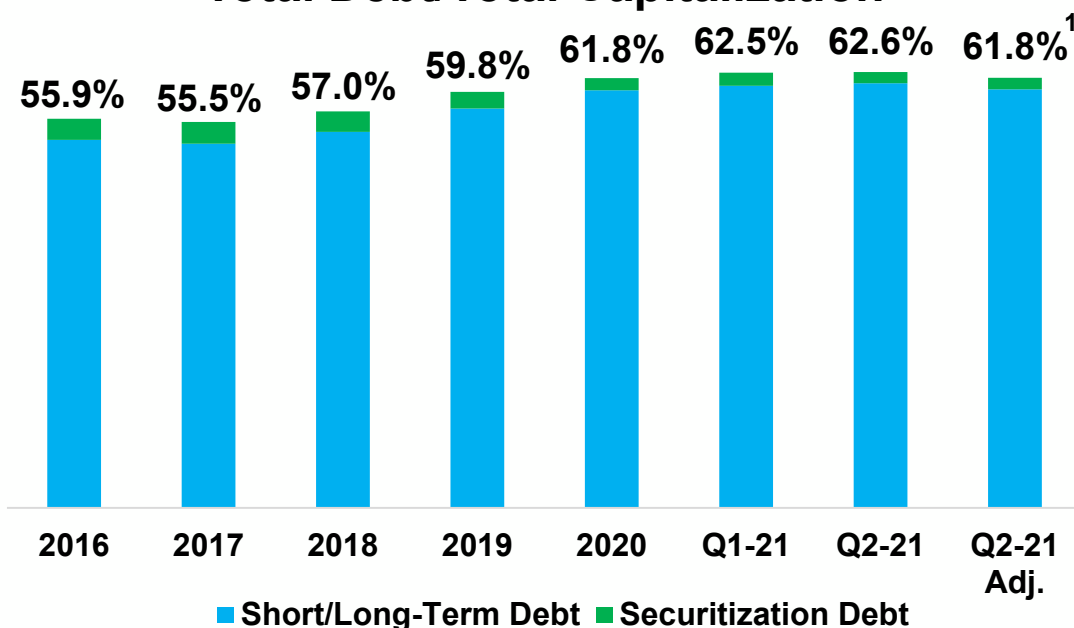
AEP Retail Load Recovery



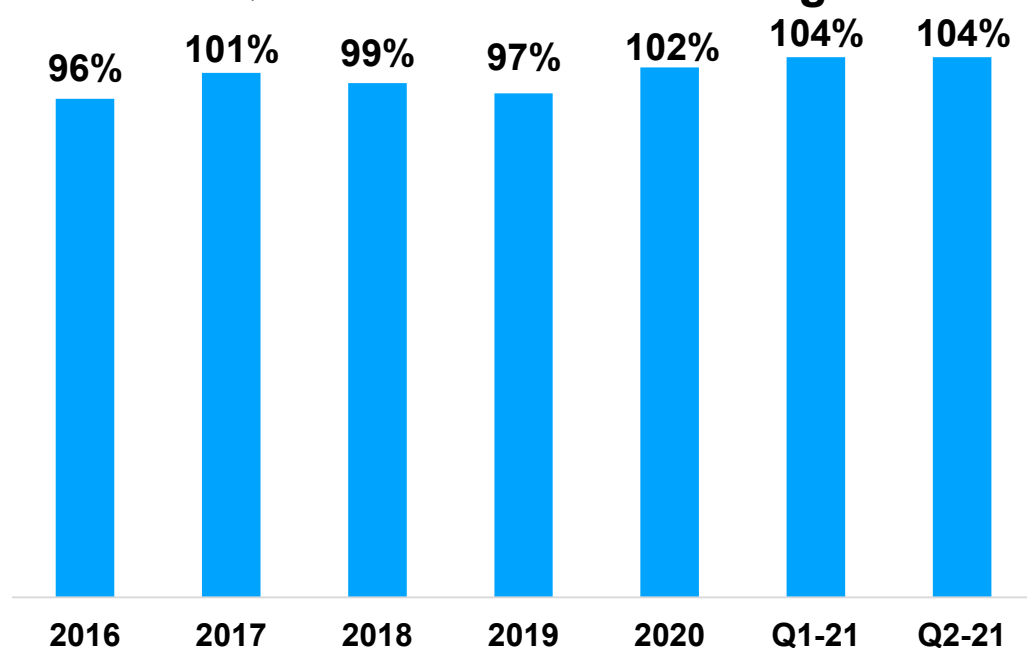
¹ The seasonal adjustment removes effects from a time series to reveal the underlying growth trend of the series. In addition to being weather normalized, this particular data series has also been normalized to remove the seasonal consumption pattern of load.

Capitalization & Liquidity

Total Debt/Total Capitalization



Qualified Pension Funding



Credit Statistics

	Moody's	GAAP
FFO to Total Debt	9.3%	9.2%
Adj FFO to Total Debt ¹	12.8%	12.8%
Long-Term Target	Low to Mid Teens	

Represents the trailing 12 months as of 6/30/2021
See Appendix for reconciliation to GAAP

Liquidity Summary

(\$ in millions)

	6/30/2021 Actual	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2026
Revolving Credit Facility	1,000	March 2023
364-Day Term Loan	500	March 2022
Plus		
Cash & Cash Equivalents	313	
Less		
Commercial Paper Outstanding	(2,050)	
364-Day Term Loan	(500)	
Letters of Credit Issued	-	
Net Available Liquidity	\$ 3,263	

¹ Adjusted data excludes impact of Storm Uri in February 2021 that resulted in significant fuel and purchased power costs at PSO and SWEPCO and related incurrence of debt as of 6/30/2021. AEP's credit metrics will see temporary pressure in 2021 as we work through the regulatory recovery process at PSO and SWEPCO. Management is in frequent contact with rating agencies to keep them apprised of all aspects of the business. AEP's long-term FFO to Total Debt target remains at low to mid teens.

Summary

- ✓ Reaffirm 2021 operating earnings guidance range of \$4.55-\$4.75
- ✓ Reaffirm 5%-7% long-term growth rate
- ✓ Execute on AEP's generating fleet transformation



North Central Wind – Maverick construction

APPENDIX

2nd Quarter Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	Q2-20	Q2-21	Change	Q2-20	Q2-21	Change
Reported GAAP Earnings	\$ 521	\$ 578	\$ 57	\$ 1.05	\$ 1.16	\$ 0.11
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	(10)	(7)	3	(0.02)	(0.02)	-
Impact of COVID-19 ^{2,3}	12	-	(12)	0.03	-	(0.03)
Achieving Excellence Program ⁴	11	-	(11)	0.02	-	(0.02)
State Tax Law Changes ⁴	-	19	19	-	0.04	0.04
AEP Operating Earnings	\$ 534	\$ 590	\$ 56	\$ 1.08	\$ 1.18	\$ 0.10

¹ Items recorded in Generation & Marketing segment

² Items recorded in Vertically Integrated Utilities Segment

³ Items recorded in Transmission and Distribution Utilities Segment

⁴ Items recorded across multiple segments

Weighted average no. of shares outstanding: 495.7M Q2-20 and 499.9M Q2-21

YTD Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	YTD-20	YTD-21	Change	YTD-20	YTD-21	Change
Reported GAAP Earnings	\$ 1,016	\$ 1,153	\$ 137	\$ 2.05	\$ 2.31	\$ 0.26
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	(4)	(12)	(8)	(0.01)	(0.02)	(0.01)
Impact of COVID-19 ^{2,3}	15	-	(15)	0.04	-	(0.04)
Achieving Excellence Program ⁴	11	-	(11)	0.02	-	(0.02)
State Tax Law Changes ⁴	-	19	19	-	0.04	0.04
AEP Operating Earnings	\$ 1,038	\$ 1,160	\$ 122	\$ 2.10	\$ 2.33	\$ 0.23

¹ Items recorded in Generation & Marketing segment

² Items recorded in Vertically Integrated Utilities Segment

³ Items recorded in Transmission and Distribution Utilities Segment

⁴ Items recorded across multiple segments

Weighted average no. of shares outstanding: 495.1M YTD-20 and 498.5M YTD-21

Vertically Integrated Utilities

2nd Quarter Summary

\$ in millions (except EPS)	Q2-20	Q2-21
Operating Revenues	\$ 2,092	\$ 2,261
Operating Expenses:		
Energy Costs	(582)	(650)
Operations and Maintenance	(607)	(704)
Depreciation and Amortization	(393)	(434)
Taxes Other Than Income Taxes	(117)	(128)
Operating Income	393	345
Net Interest/AFUDC	(131)	(126)
Non-Service Benefit Cost Components	17	17
Income Taxes	(9)	(9)
Operating Earnings	270	227
Proforma Adjustments, Net of Tax	(14)	1
GAAP Earnings	\$ 256	\$ 228
EPS from Operating Earnings	\$ 0.55	\$ 0.45

See slide 14 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q2-21 vs. Q2-20

- ✓ Rate Changes: \$39M favorable vs. prior year primarily from rate increases at KPCo, PSO and I&M and a formula rate true-up at I&M
- ✓ Wholesale Load: \$16M unfavorable vs. prior year primarily due to expired contracts at I&M
- ✓ O&M: \$64M unfavorable (net of offsets) vs. prior year primarily due to lower transmission expenses in 2020 and increased employee-related expenses, partially offset by lower storm expenses
- ✓ Depreciation: \$32M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Other Taxes: \$11M unfavorable vs. prior year primarily due to higher property taxes
- ✓ Income Taxes: actual rate of 4.0% Q2-21 vs. 3.0% Q2-20

Vertically Integrated Utilities

YTD Summary

\$ in millions (except EPS)	YTD-20	YTD-21
Operating Revenues	\$ 4,319	\$ 4,798
Operating Expenses:		
Energy Costs	(1,253)	(1,509)
Operations and Maintenance	(1,295)	(1,444)
Depreciation and Amortization	(775)	(866)
Taxes Other Than Income Taxes	(235)	(252)
Operating Income	761	727
Net Interest/AFUDC	(266)	(255)
Non-Service Benefit Cost Components	34	34
Income Taxes	(11)	(9)
Operating Earnings	518	497
Proforma Adjustments, Net of Tax	(16)	1
GAAP Earnings	\$ 502	\$ 498
EPS from Operating Earnings	\$ 1.05	\$ 1.00

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

Key Drivers: YTD-21 vs. YTD-20

- ✓ Rate Changes: \$52M favorable vs. prior year primarily from rate increases at KPCo, PSO and I&M and a formula rate true-up at I&M
- ✓ Weather: \$60M favorable vs. prior year; \$3M favorable vs. normal
- ✓ Normal Load: \$17M unfavorable vs. prior year primarily due to lower residential and industrial sales
- ✓ Off-System Sales: \$24M favorable vs. prior year primarily due to impacts of Storm Uri in February
- ✓ Transmission Revenue: \$22M favorable vs. prior year primarily due to increased transmission investment at APCo, I&M and PSO
- ✓ O&M: \$77M unfavorable (net of offsets) vs. prior year primarily due to lower transmission expenses in 2020 and increased employee-related expenses, partially offset by lower storm expenses
- ✓ Depreciation: \$62M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Other Taxes: \$17M unfavorable vs. prior year primarily due to higher property taxes
- ✓ Income Taxes: actual rate of 1.8% YTD-21 vs. 2.1% YTD-20

Transmission and Distribution Utilities

2nd Quarter Summary

\$ in millions (except EPS)		
Operating Revenues	Q2-20 \$ 1,035	Q2-21 \$ 1,103
Operating Expenses:		
Energy Costs	(148)	(168)
Operations and Maintenance	(345)	(361)
Depreciation and Amortization	(207)	(178)
Taxes Other Than Income Taxes	(142)	(158)
Operating Income	193	238
Net Interest/AFUDC	(63)	(70)
Non-Service Benefit Cost Components	7	7
Income Taxes	8	(21)
Operating Earnings	145	154
Proforma Adjustments, Net of Tax	(5)	-
GAAP Earnings	\$ 140	\$ 154
EPS from Operating Earnings	\$ 0.29	\$ 0.31

See slide 14 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q2-21 vs. Q2-20

- ✓ Rate Changes: \$16M favorable vs. prior year primarily from the Texas DCRF and Ohio DIR
- ✓ Normal Load: \$37M favorable vs. prior year primarily due to higher commercial and residential sales
- ✓ Transmission Revenue: \$29M favorable vs. prior year primarily due to increased transmission investment
- ✓ O&M: \$17M unfavorable (net of offsets) vs. prior year primarily due to lower 2020 transmission expenses in Ohio
- ✓ Depreciation: \$18M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Other Taxes: \$17M unfavorable vs. prior year primarily due to higher property taxes
- ✓ Income Taxes: actual rate of 12.1% Q2-21 vs. (5.7)% Q2-20

Transmission and Distribution Utilities

YTD Summary

\$ in millions (except EPS)		
Operating Revenues	YTD-20 \$ 2,141	YTD-21 \$ 2,192
Operating Expenses:		
Energy Costs	(339)	(374)
Operations and Maintenance	(711)	(726)
Depreciation and Amortization	(421)	(351)
Taxes Other Than Income Taxes	(288)	(316)
Operating Income	382	425
Net Interest/AFUDC	(127)	(137)
Non-Service Benefit Cost Components	15	14
Income Taxes	(8)	(34)
Operating Earnings	262	268
Proforma Adjustments, Net of Tax	(6)	-
GAAP Earnings	\$ 256	\$ 268
EPS from Operating Earnings	\$ 0.53	\$ 0.54

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

Key Drivers: YTD-21 vs. YTD-20

- ✓ Rate Changes: \$37M favorable vs. prior year primarily from the Texas DCRF and Ohio DIR
- ✓ Weather: \$13M favorable vs. prior year; \$8M favorable vs. normal
- ✓ Transmission Revenue: \$56M favorable vs. prior year primarily due to increased transmission investment
- ✓ O&M: \$20M unfavorable (net of offsets) vs. prior year primarily due to lower 2020 transmission expenses in Ohio
- ✓ Depreciation: \$32M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Other Taxes: \$28M unfavorable vs. prior year primarily due to higher property taxes
- ✓ Income Taxes: actual rate of 11.4% YTD-21 vs. 2.9% YTD-20

AEP Transmission Holdco

2nd Quarter Summary

\$ in millions (except EPS)	Q2-20	Q2-21
Operating Revenues	\$ 250	\$ 378
Operating Expenses:		
Operations and Maintenance	(23)	(29)
Depreciation and Amortization	(61)	(75)
Taxes Other Than Income Taxes	(52)	(61)
Operating Income	114	213
Net Interest/AFUDC	(14)	(19)
Income Taxes	(25)	(43)
Equity Earnings	20	19
Other	(1)	(1)
Operating Earnings	94	169
Proforma Adjustments, Net of Tax	(2)	-
GAAP Earnings	\$ 92	\$ 169
EPS from Operating Earnings	\$ 0.19	\$ 0.34

Key Drivers: Q2-21 vs. Q2-20

- ✓ \$75M favorable Operating Earnings vs. prior year primarily due to increased transmission investment and the annual true-up

See slide 14 for items excluded from Net Income to reconcile to Operating Earnings

AEP Transmission Holdco

YTD Summary

\$ in millions (except EPS)	YTD-20	YTD-21
Operating Revenues	\$ 560	\$ 755
Operating Expenses:		
Operations and Maintenance	(53)	(56)
Depreciation and Amortization	(119)	(147)
Taxes Other Than Income Taxes	(104)	(121)
Operating Income	284	431
Net Interest/AFUDC	(28)	(37)
Non-Service Benefit Cost Components	1	1
Income Taxes	(64)	(89)
Equity Earnings	43	37
Other	(2)	(2)
Operating Earnings	234	341
Proforma Adjustments, Net of Tax	(2)	-
GAAP Earnings	\$ 232	\$ 341
EPS from Operating Earnings	\$ 0.47	\$ 0.68

Key Drivers: YTD-21 vs. YTD-20

- ✓ \$107M favorable Operating Earnings vs. prior year primarily due to increased transmission investment and the annual true-up

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

Generation & Marketing

2nd Quarter Summary

\$ in millions (except EPS)	Q2-20	Q2-21
Operating Revenues	\$ 364	\$ 427
Operating Expenses:		
Energy Costs	(298)	(358)
Operations and Maintenance	(16)	(32)
Depreciation and Amortization	(18)	(20)
Taxes Other Than Income Taxes	(4)	(3)
Operating Income	28	14
Net Interest/AFUDC	(7)	(3)
Non-Service Benefit Cost Components	4	4
Income Taxes	23	26
Other	8	4
Operating Earnings	56	45
Proforma Adjustments, Net of Tax	10	7
GAAP Earnings	\$ 66	\$ 52
EPS from Operating Earnings	\$ 0.11	\$ 0.09

See slide 14 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q2-21 vs. Q2-20

- ✓ Generation increased 377 GWh or 77% Q2-21 vs Q2-20 primarily due to higher market prices in PJM which drove increased generation at Cardinal plant
- ✓ AEP Dayton ATC liquidations up 64%: \$29.71/MWh in Q2-21 vs. \$18.09/MWh in Q2-20
- ✓ Income Taxes: actual rate of (193.5)% Q2-21 vs. (94.8)% Q2-20

Generation & Marketing

YTD Summary

\$ in millions (except EPS)	YTD-20	YTD-21
Operating Revenues	\$ 810	\$ 1,056
Operating Expenses:		
Energy Costs	(659)	(924)
Operations and Maintenance	(57)	(61)
Depreciation and Amortization	(36)	(39)
Taxes Other Than Income Taxes	(7)	(5)
Operating Income	51	27
Net Interest/AFUDC	(14)	(6)
Non-Service Benefit Cost Components	8	8
Income Taxes	34	42
Other	12	6
Operating Earnings	91	77
Proforma Adjustments, Net of Tax	4	12
GAAP Earnings	\$ 95	\$ 89
EPS from Operating Earnings	\$ 0.18	\$ 0.16


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

Key Drivers: YTD-21 vs. YTD-20


- ✓ Generation increased 529 GWh or 36% YTD-21 vs YTD-20 primarily due to higher market prices in PJM which drove increased generation at Cardinal plant
- ✓ AEP Dayton ATC liquidations up 57%: \$30.01/MWh in YTD-21 vs. \$19.11/MWh in YTD-20
- ✓ Wholesale decreased primarily due to unfavorable ERCOT market prices and extreme usage levels caused by Storm Uri
- ✓ Income Taxes: actual rate of (137.8)% YTD-21 vs. (67.3)% YTD-20

2nd Quarter Rate Performance

Vertically Integrated Utilities


	Rate Changes, net of offsets (\$ in millions) Q2-21 vs. Q2-20
APCo/WPCo	\$(2)
I&M	\$25
KPCo	\$7
PSO	\$6
SWEPCO	\$3
Kingsport	-
Total	\$39
Impact on EPS	

Transmission and Distribution Utilities


	Rate Changes, net of offsets (\$ in millions) Q2-21 vs. Q2-20
AEP Ohio	\$2
AEP Texas	\$14
Total	\$16
Impact on EPS	

YTD Rate Performance

Vertically Integrated Utilities


	Rate Changes, net of offsets (\$ in millions) YTD-21 vs. YTD-20
APCo/WPCo	\$(2)
I&M	\$26
KPCo	\$15
PSO	\$7
SWEPCO	\$6
Kingsport	-
Total	\$52
Impact on EPS	

Transmission and Distribution Utilities



	Rate Changes, net of offsets (\$ in millions) YTD-21 vs. YTD-20
AEP Ohio	\$4
AEP Texas	\$33
Total	\$37
Impact on EPS	

2nd Quarter Weather Impact

Vertically Integrated Utilities



	Weather Impact (\$ in millions)	
	Q2-21 vs. Q2-20	Q2-21 vs. Normal
APCo/WPCo	-	\$4
I&M	\$2	\$9
KPCo	-	-
PSO	\$(6)	\$(4)
SWEPCO	\$3	\$(1)
Kingsport	-	-
Total	\$(1)	\$8
Impact on EPS	-	 \$0.01

Transmission and Distribution Utilities



	Weather Impact (\$ in millions)	
	Q2-21 vs. Q2-20	Q2-21 vs. Normal
AEP Ohio	-	-
AEP Texas	\$(6)	\$(5)
Total	\$(6)	\$(5)
Impact on EPS	 \$0.01	 \$0.01

YTD Weather Impact

Vertically Integrated Utilities


	Weather Impact (\$ in millions)	
	YTD-21 vs. YTD-20	YTD-21 vs. Normal
APCo/WPCo	\$33	\$(2)
I&M	\$10	\$5
KPCo	\$6	-
PSO	\$(3)	\$(3)
SWEPCO	\$14	\$3
Kingsport	-	-
Total	\$60	\$3
Impact on EPS	 \$0.10	 \$0.01

Transmission and Distribution Utilities


	Weather Impact (\$ in millions)	
	YTD-21 vs. YTD-20	YTD-21 vs. Normal
AEP Ohio	-	-
AEP Texas	\$13	\$8
Total	\$13	\$8
Impact on EPS	 \$0.02	 \$0.01

2nd Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load ¹ (weather normalized) Q2-21 vs. Q2-20
APCo/WPCo	6.0%
I&M	7.7%
KPCo	2.9%
PSO	4.9%
SWEPCO	1.6%
Kingsport	6.0%
Total	5.1%
Impact on EPS ²	 \$0.01

Transmission and Distribution Utilities


	Retail Load ¹ (weather normalized) Q2-21 vs. Q2-20
AEP Ohio	9.7%
AEP Texas	5.3%
Total	7.7%
Impact on EPS ²	 \$0.06

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-21 vs. YTD-20
APCo/WPCo	1.8%
I&M	3.0%
KPCo	(1.2)%
PSO	1.5%
SWEPCO	(1.2)%
Kingsport	(6.9)%
Total	1.1%
Impact on EPS ²	 \$0.03

Transmission and Distribution Utilities

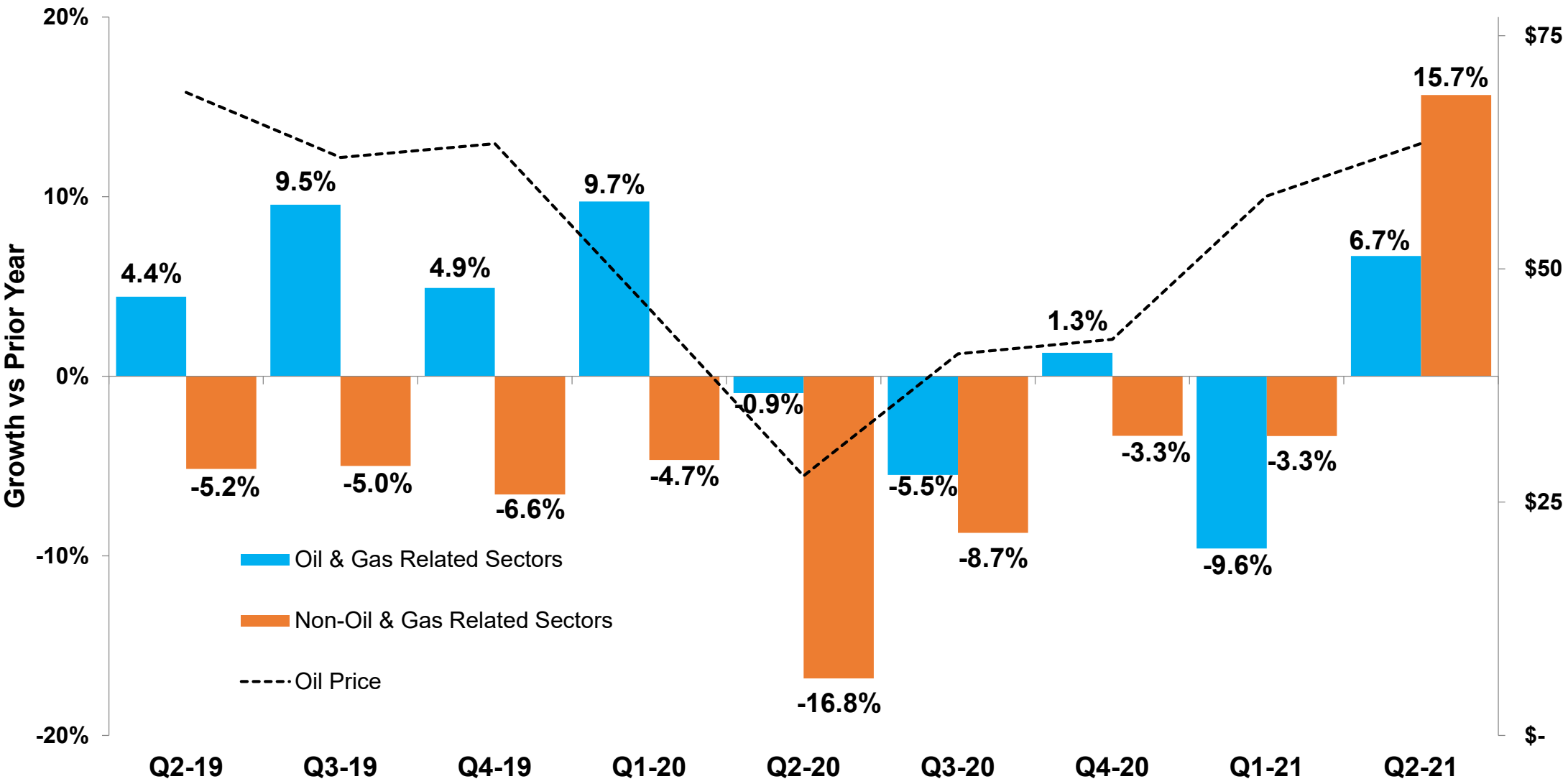
	Retail Load ¹ (weather normalized) YTD-21 vs. YTD-20
AEP Ohio	4.9%
AEP Texas	-
Total	2.8%
Impact on EPS ²	 \$0.02

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

² Includes EPS impact of accrued revenues

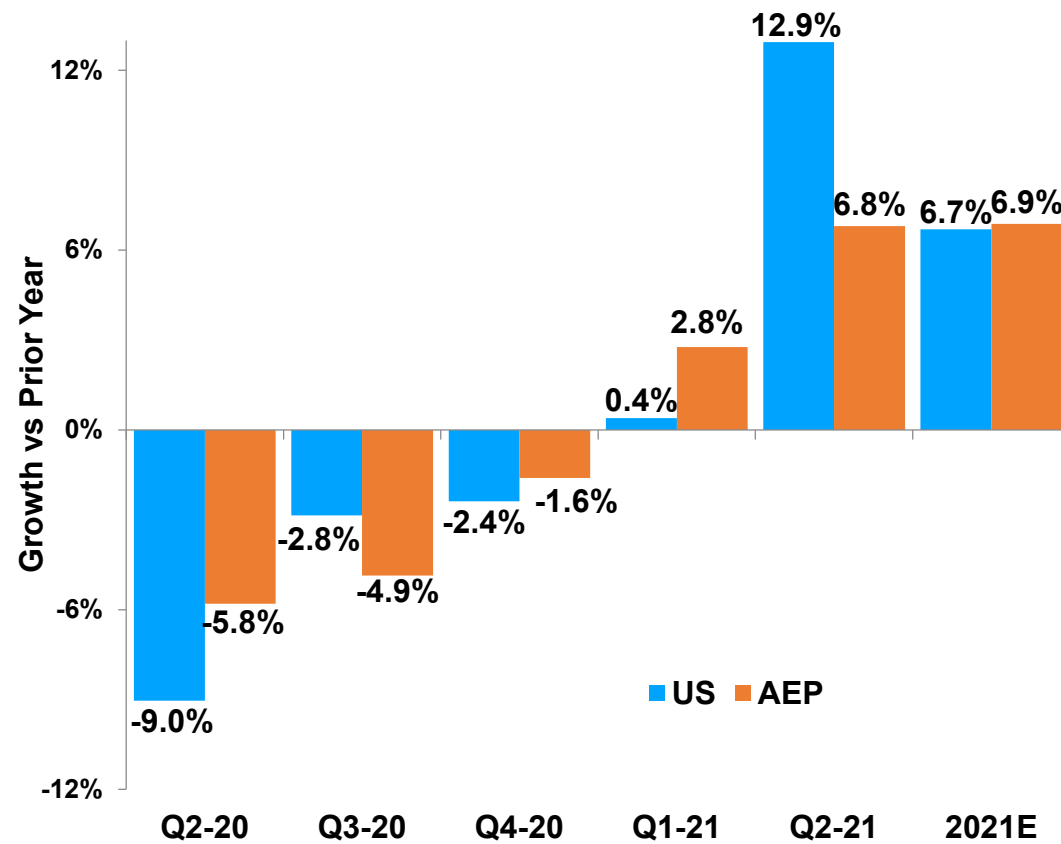
Industrial Sales Growth

AEP Industrial GWh Growth

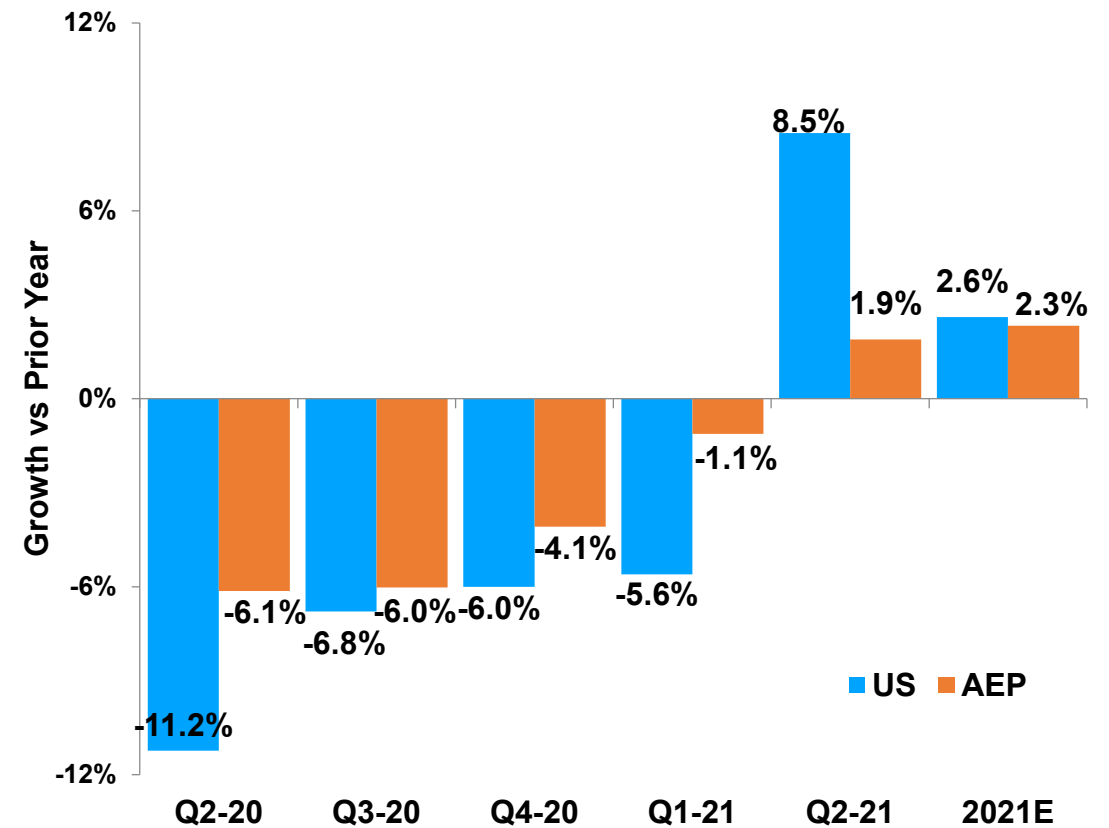


Economic Data – AEP Service Territory

GDP Growth by Quarter



Employment Growth by Quarter



Source: Moody's Analytics

Current Rate Case Activity

AEP Ohio

Docket #	20-0585-EL-AIR
Filing Date	6/1/2020
Requested Revenue Increase	\$402M
Requested Rate Base	\$3.105B
Requested ROE	10.15%
Cap Structure	45.6%D / 54.4%E
Net Revenue Increase	\$41M ¹
Test Year	11/30/2020
<u>Settlement Summary</u>	
	Pending Commission Approval
Settlement Filed	3/12/2021
Settlement Hearing	5/12/2021
Revenue Increase	\$295M
Rate Base	\$3.088B
ROE	9.7%
Cap Structure	45.6%D / 54.4%E
Net Revenue Decrease	\$64M ¹
Expected Commission Order	Q3-21

¹ Approximately \$60M of the filed vs. settled difference reflects the discontinuation of EE/DSM programs and movement of certain items from base rates to riders; no earnings impact.



APCo - Virginia

Docket #	PUR-2020-00015
Filing Date	3/31/2020
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
<u>Commission Order Summary</u>²	
Order Received	11/24/2020
Effective Date	1/23/2021
ROE	9.2%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$0M (Less \$25.5M D&A)
Net Revenue Decrease	\$25.5M

² APCo immediately filed an appeal of the commission order with the Virginia Supreme Court. While the court declined to expedite the appeal schedule and grant interim rates, the appeal remains on the normal timeline with a result expected in 2022.



Current Rate Case Activity

I&M - Indiana

Docket #	45576
Filing Date	7/1/2021
Requested Rate Base	\$5.2B
Requested ROE	10.0%
Cap Structure	49.1%D / 50.9%E
Gross Revenue Increase	\$104M (Less \$7M D&A)
Net Revenue Increase	\$97M
Test Year	2022 Forecasted
<u>Procedural Schedule</u>	
Intervenor Testimony	10/12/2021
Rebuttal Testimony	11/9/2021
Hearing	12/2/2021
Expected Commission Order	Q2-22



KPCo

Docket #	2020-00174
Filing Date	6/29/2020
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	3/31/2020
<u>Commission Order Summary ¹</u>	
Order Received	1/13/2021
Effective Date	1/14/2021
ROE	9.3%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$52M

¹ On 3/12/2021, KPCo filed an appeal with the Franklin County Circuit Court, Commonwealth of Kentucky, related to basic rate design items.



Current Rate Case Activity

PSO

Docket #	202100055
Filing Date	4/30/2021
Requested Rate Base	\$3.293B
Requested ROE	10.0%
Cap Structure	47.0%D / 53.0%E
Gross Revenue Increase	\$172M ¹ (Less \$57M D&A)
Net Revenue Increase	\$115M
Test Year	12/31/2020
<u>Procedural Schedule</u>	
Intervenor Testimony	8/13/2021
Rebuttal Testimony	8/27/2021
Hearing	9/28/2021
Expected Commission Order	Q4-21

¹ Does not include \$71M of current riders moving to base rates



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 ²
<u>Procedural Schedule</u>	
Intervenor Testimony	7/21/2021
Rebuttal Testimony	9/27/2021
Hearing	1/18/2022
Expected Commission Order	Q2/Q3-22

² 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 ³ (Less \$17M D&A)
Net Revenue Increase	\$73M
Test Year	3/31/2020
<u>Procedural Schedule</u>	
Hearing	5/19/2021
Expected Commission Order	Q4-21

³ Does not include \$15M of current riders moving to base rates



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>Estimated Investment</u>	<u>Target Date</u>
	Sundance	199	\$300M	Apr. 14, 2021 (100% PTC)
	Maverick	287	\$400M	Dec. 2021 (80% PTC)
	Traverse	999	\$1,300M	Dec. 2021 to Apr. 2022 (80% PTC)
Net Capacity Factor	44%			
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**

Future Forward - Advancing Towards a Clean Energy Future

Projected Regulated Resource Additions

SOLAR ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Solar Opportunity
APCo	210	450	660	710	(50)
I&M	450	450	900	1,300	(400)
KPCo	150	300	450	273	177
PSO	1,350	2,250	3,600	1,211	2,389
SWEPCO	300	-	300	300	-
Total	2,460	3,450	5,910	3,794	2,116

WIND ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Wind Opportunity
APCo	1,800 ¹	-	1,800 ¹	600	1,200 ¹
I&M	800	-	800	750	50
KPCo	500	500	1,000	200	800
PSO	1,975 ²	1,300	3,275 ²	1,275 ²	2,000
SWEPCO	2,310 ²	1,500	3,810 ²	1,410 ²	2,400
Total	7,385²	3,300	10,685²	4,235²	6,450

NATURAL GAS ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Nat. Gas Opportunity
I&M	-	952	952	824	128
PSO	-	251	251	783	(532)
SWEPCO	-	1,063	1,063	-	1,063
Total	-	2,266	2,266	1,607	659

¹ Includes 600 MW at WPCo

² Includes 1,485 MW North Central Wind project (675 MW at PSO and 810 MW at SWEPCO) of which Sundance for 199 MW was placed into service on 4/14/2021

TOTAL PROJECTED RESOURCE ADDITIONS (MW)

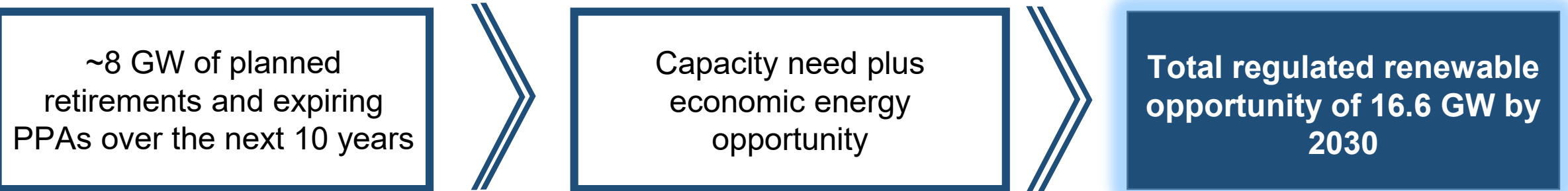
Resource	2021-2030
Solar	5,910
Wind	10,685
Natural Gas	2,266
Total	18,861

Total regulated renewable opportunity of 16.6 GW by 2030

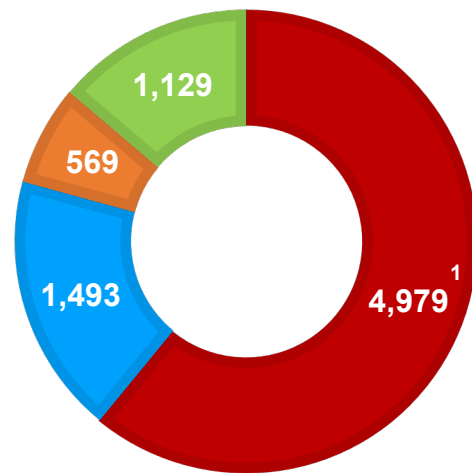
An 8.6 GW increase since 2020 EEI update

Projected regulated resource additions current as of 6/30/2021. AEP operating companies will continue to develop Integrated Resource Plans (IRPs) over the near-term and long-term in collaboration with stakeholders.

Future Forward - Advancing Towards a Clean Energy Future



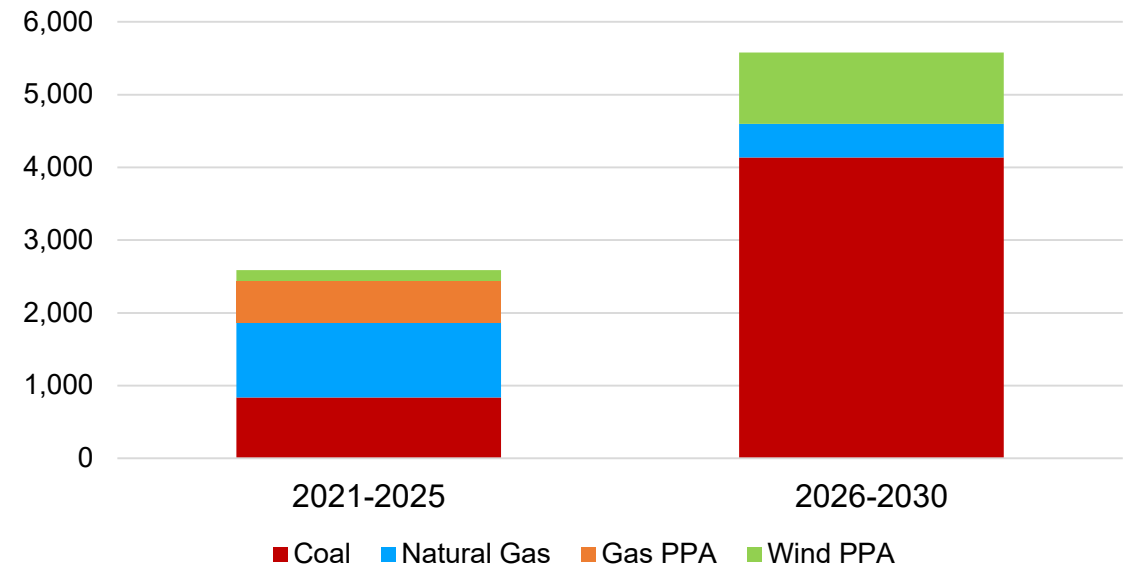
Regulated Generation Retirement and PPA Expirations (MW) 2021-2030



■ Coal ■ Natural Gas ■ Natural Gas PPAs ■ Wind PPAs

~8 GW of planned retirements and expiring PPAs over next 10 years driving capacity needs

AEP Regulated Operating Companies Projected Retirement and PPA Expirations (MW)



Of the 16.6 GW of renewables opportunities identified, ~2 GW² are in AEP's 2021-2025 capital plan.

To date, requests for proposals (RFPs) have been issued for 3.7 GW³ of owned renewable resources.

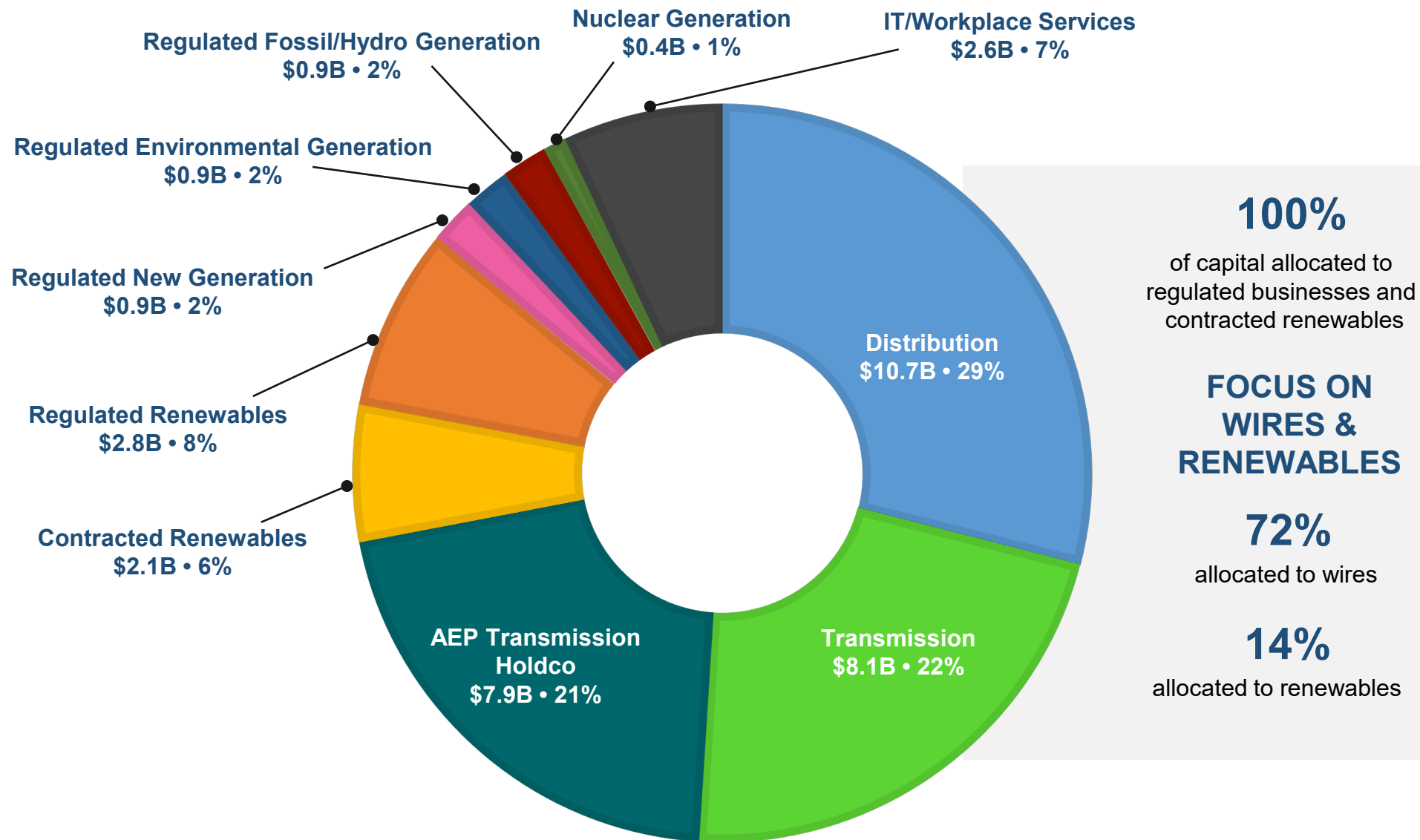
¹ Does not include retirement of the 595 MW Cardinal plant in 2030 which is part of AEP's unregulated generation fleet

² Primarily inclusive of the 1,485 MW North Central Wind project and 2020/2021 RFPs issued at APCo for 355 MW related to the Virginia Clean Economy Act

³ Represents 2020/2021 RFPs issued at APCo for 355 MW and 2021 RFP issued at SWEPCO for 3.3 GW

2021 - 2025 Capital Forecast of \$37B

2021-2025 Capital Forecast



Cash Flows and Financial Metrics

\$ in millions	2021E	2022E	2023E
Cash from Operations	\$ 3,800	\$ 6,000	\$ 6,400
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	\$ (5,400)	\$ (3,800)	\$ (2,300)
Financing			
Required Capital	\$ (5,400)	\$ (3,800)	\$ (2,300)
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)	\$ (6,900)	\$ (4,695)	\$ (2,850)
Financial Metrics			
Debt to Capitalization (GAAP)	Approximately 60%		
FFO/Total Debt (Moody's)	2021 pressured by Storm Uri; long-term target remains at low to mid teens		

¹ Capital expenditures in 2021 include approximately \$700M for North Central Wind's Sundance and Maverick projects. Expenditures in 2022 include approximately \$1.3B 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 6/30/2021 (in millions)
Cash Flow from Operations	\$ 4,253
Adjustments:	
Changes in Working Capital	346
Capitalized Interest	(57)
Securitization Amortization	(104)
Adjusted Funds from Operations (FFO)	\$ 4,438

Adjusted Total Debt Calculation

	As of 6/30/2021 (in millions)
GAAP Total Debt (incl. current maturities)	\$ 34,996
Less:	
Securitization Bonds	(669)
Spent Nuclear Fuel Trust	(281)
Equity Units Capital Adjust (25%)	(414)
Add:	
Finance Lease Obligations	275
Operating Leases	811
Adjusted Total Debt (Non-GAAP)	\$ 34,718

Adjusted FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$ 4,438}{\$ 34,718} = 12.8\%^1$$

¹ Adjusted FFO to Total Debt on a Moody's basis is also 12.8%. Both GAAP and Moody's views of FFO to Total Debt exclude the impact of Storm Uri in February. Refer to slide 11 for additional information.