



AEP 2024 EEI Handout

59th EEI Financial Conference
Hollywood, Florida
November 10-12, 2024



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

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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 economic impact of increased global conflicts and trade tensions, and the adoption or expansion of economic sanctions, tariffs or trade restrictions, inflationary or deflationary interest rate trends, volatility and disruptions in financial markets precipitated by any cause, including turmoil related to federal budget or debt ceiling matters or instability in the banking industry; 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 (i) if expected sources of capital, such as proceeds from the sale of assets, subsidiaries and tax credits, and anticipated securitizations do not materialize at the level anticipated, and (ii) during periods when the time lag between incurring costs and recovery is long and the costs are material, shifting demand for electricity, the impact of extreme weather conditions, natural disasters and catastrophic events such as storms, drought conditions and wildfires that pose significant risks including potential litigation and the inability to recover significant damages and restoration costs incurred, limitations or restrictions on the amounts and types of insurance available to cover losses that might arise in connection with natural disasters or operations, the cost of fuel and its transportation, the creditworthiness and performance of parties who supply and transport fuel 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 generation (including from renewable sources), transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) to meet the demand for electricity at acceptable prices and terms, including favorable tax treatment, cost caps imposed by regulators and other operational commitments to regulatory commissions and customers for generation projects, and to recover all related costs, the disruption of AEP’s business operations due to impacts on economic or market conditions, costs of compliance with potential government regulations, electricity usage, supply chain issues, customers, service providers, vendors and suppliers caused by pandemics, natural disasters or other events, new legislation, litigation or 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, the impact of federal tax legislation on results of operations, financial condition, cash flows or credit ratings, the risks before, during and after generation of electricity associated with the fuels used or the byproducts and wastes of such fuels, including coal ash and spent 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 or regulatory proceedings or investigation, the ability to efficiently manage 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, the impact of changing expectations and demands of customers, regulators, investors and stakeholders, including evolving expectations related to environmental, social and governance concerns, 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, other risks and unforeseen events, including wars and military conflicts, the effects of terrorism (including increased security costs), embargoes, cybersecurity threats, labor strikes impacting material supply chains, global information technology disruptions and other catastrophic events, the ability to attract and retain requisite work force and key personnel.



AEP Offers an Attractive Investment Opportunity

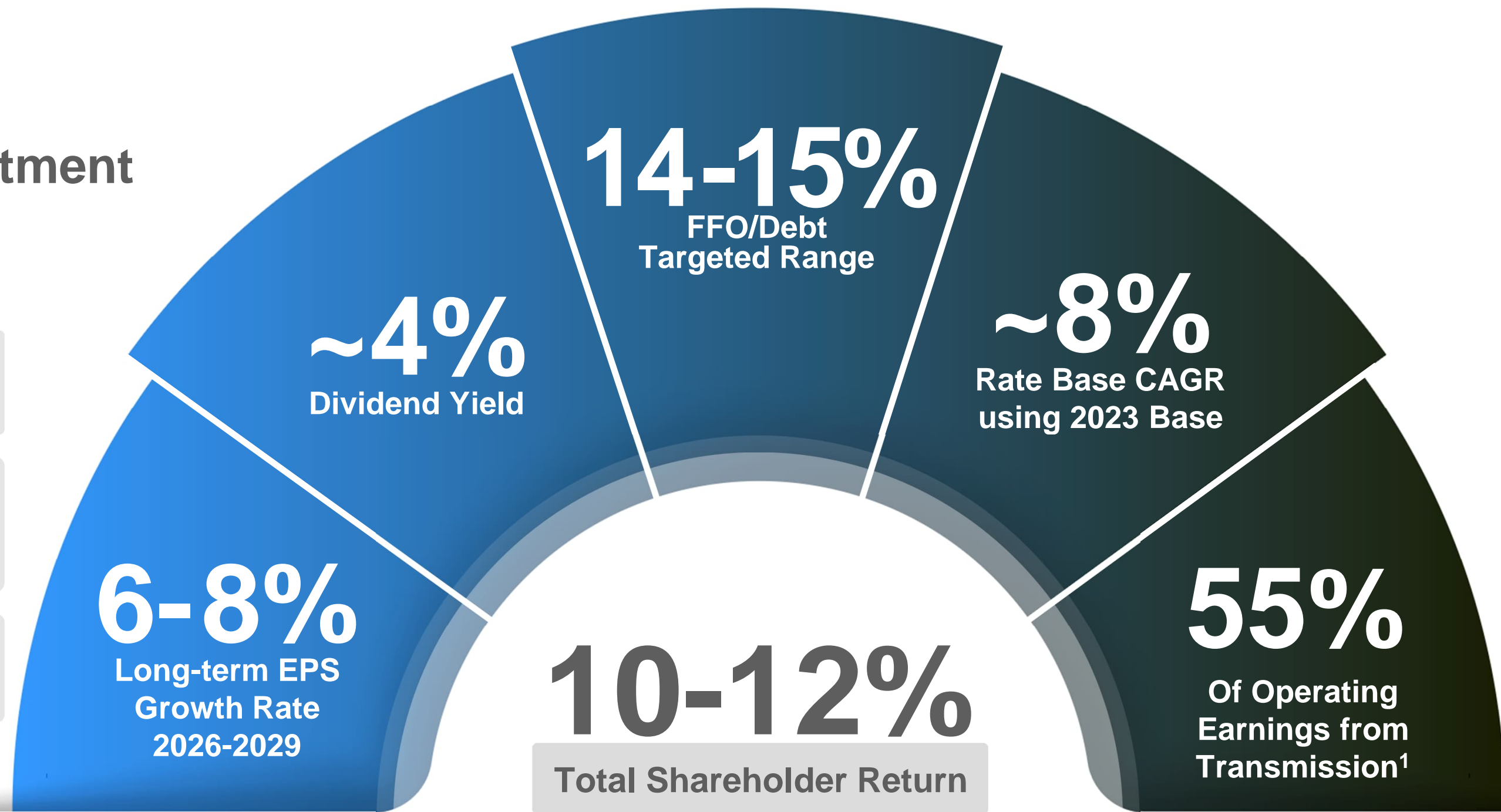
COMMITMENT TO:

HIGH GROWTH OPPORTUNITY INVESTMENTS SUPPORT FINANCIAL STRENGTH

BEST-IN-CLASS CUSTOMER SERVICE THROUGH INNOVATION AND PROCESS TRANSFORMATION

POSITIVE OUTCOMES ACHIEVED WITH REGULATORY INTEGRITY

¹ Includes AEP Transmission Holdco and transmission investments in AEP operating companies. Calculated using 2025E transmission earnings of \$3.20 as a percentage of the 2025 guidance midpoint of \$5.85.



Successful Transformation into a Customer-Focused, Pure-Play Regulated Utility

- 1 Streamlining core business, focused on capturing opportunity from investments in wires and regulated generation
- 2 Aligning organizational structure and building culture of accountability and operational excellence to effectively support operating companies and enhance customer service

Timeline of Strategic Actions



August 2023
Completed Sale of Unregulated
Renewables Portfolio



February 2024
Completed Sale of New
Mexico Solar Assets



September 2024
Completed Sale of Distributed
Resources Business

Executing Our Strategy to Drive Value for Customers and Investors

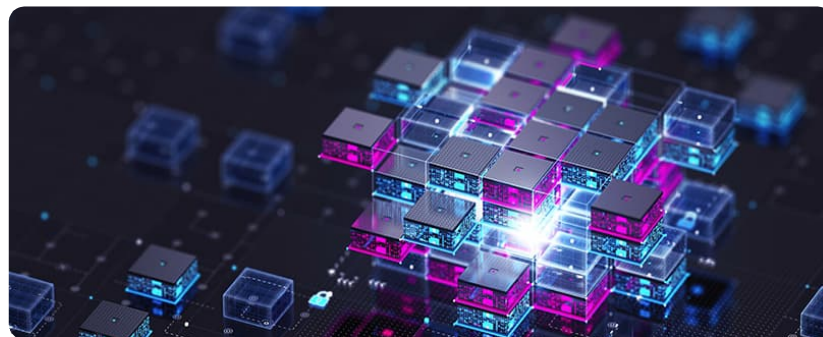
GROWTH & FINANCIAL STRENGTH



Strategically invest in growth opportunities to support financial strength:

- Meet robust customer demand
- Develop a modern and secure electric transmission grid and distribution system
- Diversify new generation to support resource adequacy and affordability

CUSTOMER SERVICE



- Innovate and leverage technology to enhance service
- Better meet our customers' energy needs through reliability and outage reductions
- Transform processes with a focus on efficiency and accountability

REGULATORY INTEGRITY



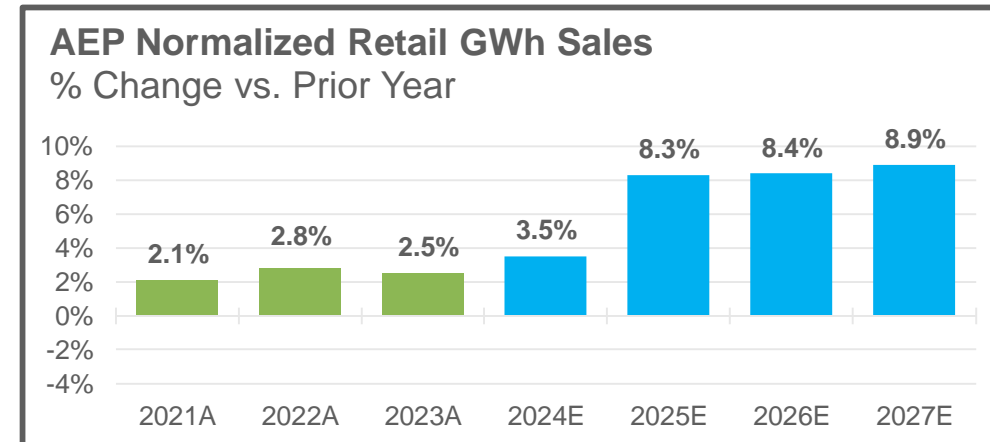
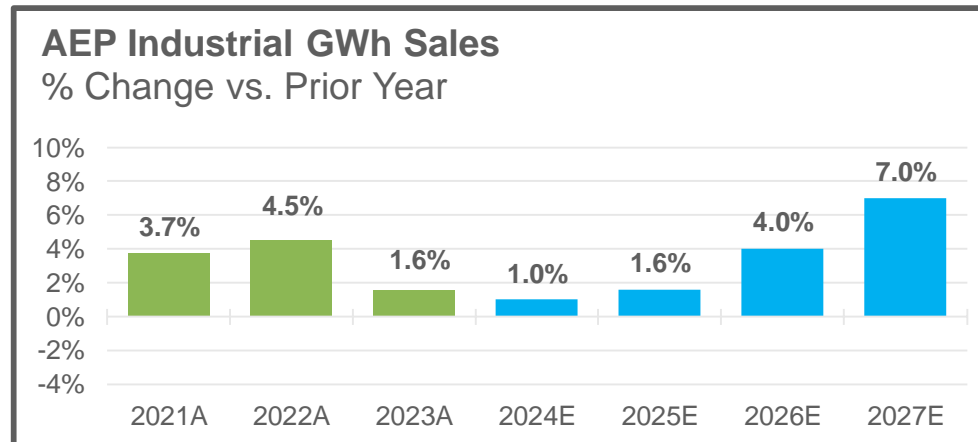
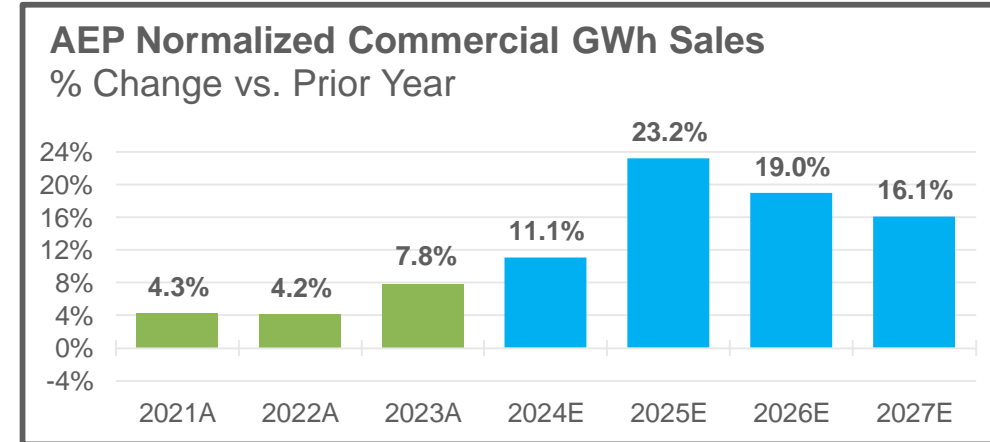
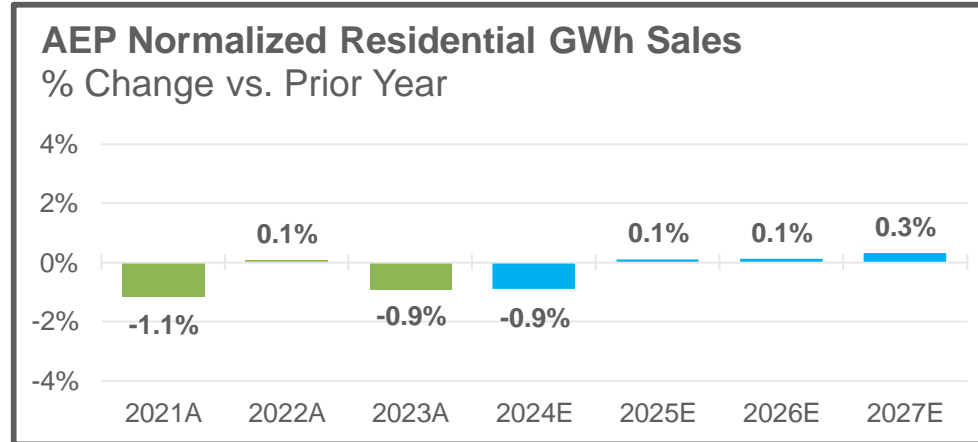
- Respect the preferences of regulators, policymakers and communities to achieve positive regulatory outcomes
- Work with key stakeholders to advance affordability, system reliability, resiliency and security
- Invest in local resources and communities



Growth & Financial Strength: Load

Customer commitments for 20 GW of load through 2029 driven by data center demand and economic development with 2/3 from the commercial class and 1/3 from the industrial class

Load figures are billed retail sales excluding firm wholesale load.



Large Load Growth Benefits All Stakeholders



Investors: Load growth from data center and industrial customers driving incremental investments



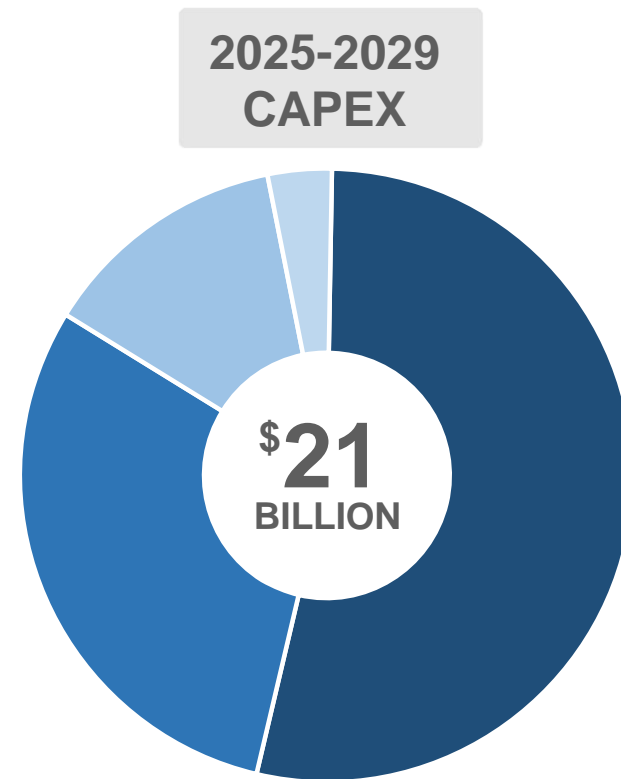
Customers: Innovative tariff design to protect our customers and keep rates affordable



Communities: Build a reliable and affordable grid to support economic development

Growth & Financial Strength: Transmission

Strengthening the electric transmission grid and meeting robust demand while focusing on improved system performance, increased reliability and resiliency, and security



DRIVERS

- ASSET REPLACEMENT** Asset renewal investments based on condition, performance and risk to reduce customer outages and interruption times
- GROWTH** New customer connections and system upgrades to facilitate load growth primarily in Indiana, Ohio and Texas
- RELIABILITY** Multi-driver projects on the local network addressing reliability and customer concerns
- TELECOM / TECHNOLOGY** Asset health monitoring, cyber-security requirements and enhanced situational awareness for grid operations



Transmission Investment

Robust Pipeline

We see opportunities to capture incremental transmission investment above the current 5-year plan; we also have an ongoing transmission investment pipeline in early development beyond 2029

Asset Renewal Investments

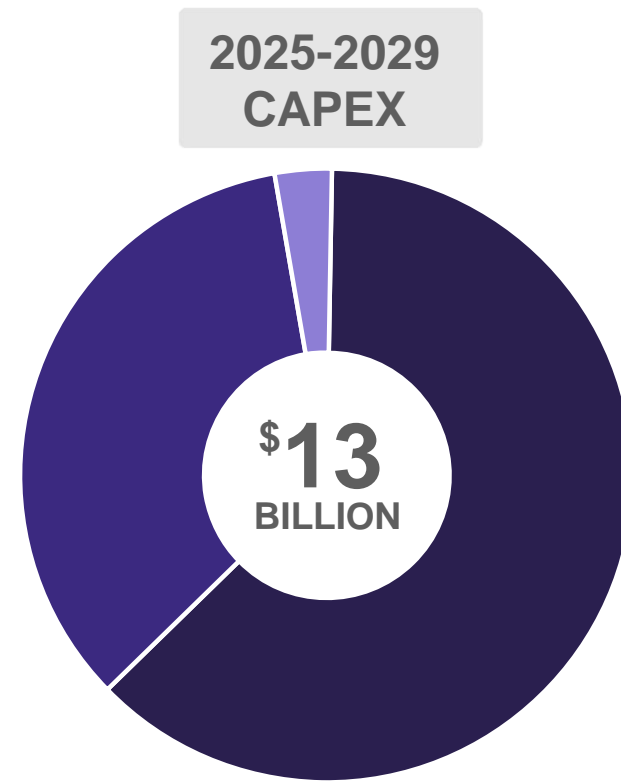
\$2B of annual on-system capital investment is currently required to maintain existing age profile

Future Growth Drivers

Reliability needs, load growth and transformation of the grid is driving additional capital investment needs

Growth & Financial Strength: Distribution

Modernizing the electric distribution system to address increased needs and enhance customer satisfaction



DRIVERS

- RELIABILITY, RESILIENCY & AUTOMATION** Asset renewal and reliability investments including pole, conductor, cutout, station transformer and breaker replacements and automated technology
- GROWTH** Investments for new service, upgrades, relocation
- RESTORATION** Storm restoration work to meet service obligations



Distribution Investment

Robust Pipeline

Significant capital investment opportunity exists to renew the distribution system, improve reliability and resiliency, and expand operational capabilities to accommodate increased system needs

Asset Renewal Investments

\$2B of annual on-system capital investment is currently required to maintain existing age profile

Future Growth Drivers

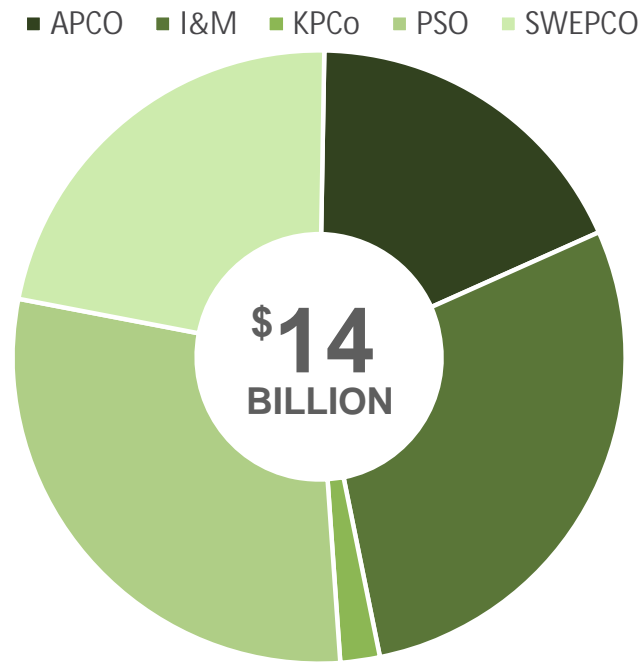
Electrification, higher penetration levels of distributed resources and projects to support customer growth will drive additional distribution investment opportunities



Growth & Financial Strength: New Generation

Diversifying electric generation to support resource adequacy and affordability

2025-2029 CAPEX



2025-2034 RESOURCE NEEDS

GENERATION ADDITIONS 2025-2034 (MW) ^{1,2}	SOLAR	WIND	STORAGE	NAT. GAS ³	TOTAL
APCo	1,505	1,244	325	-	3,074
I&M	2,749	1,100	300	4,350	8,499
KPCo	80	-	-	1,100	1,180
PSO	893	753	200	1,215	3,061
SWEPCO	973	1,198	400	2,253	4,824
TOTAL	6,200	4,295	1,225	8,918	20,638

¹ Resource additions are from Integrated Resource Plans (IRP) filings.

² Investments in new generation resources will be subject to market availability of economic projects, regulatory preferences and approvals and RTO capacity requirements.

³ Natural gas additions may include peaking units and fuel switching to provide reliable, affordable and flexible power.

⁴ RFPs represent up-to MW capacity values; related regulatory filings will take into consideration commission preferences including owned and contracted resources.

RFPs IN PROGRESS⁴



RFPs Issued	May 2024	September 2024	November 2023	January 2024
Wind	800 MW	4,000 MW	1,500 MW of SPP accredited capacity	2,100 MW of SPP accredited capacity
Solar				
Storage				
Natural Gas	-			
Reg. Filings and Approvals	Q2-25 – Q4-25	Q2-25 – Q2-26	Q1-25 – Q4-25	Q1-25 – Q1-26
Projected In-service Dates	2028	2028 or 2029	2027 or 2028	2027 or 2028

Customer Service: Process Transformation and Technology



Business Transformation Supports Efficiency

- Organizational changes reinforce accountability
- Lean management and continuous process improvement
- Workforce planning including retirements and other attritions



Technology Innovation Supports Grid Reliability and Resiliency

- Use of drones for inspections, surveys and storm damage assessments
- New storm damage assessment tool
- Generation asset data analytics using predictive capabilities to proactively monitor asset efficiency



Technology Innovation Supports Safety and Service

- Emergency outage communication tool
- Customer workflow scheduling
- AMI data to preemptively identify billing issues and support operations and planning efforts
- Digital model of transmission grid to enhance responsiveness



New Generation Technology Being Considered to Support Resource Adequacy

- Long duration battery storage
- Small modular reactors



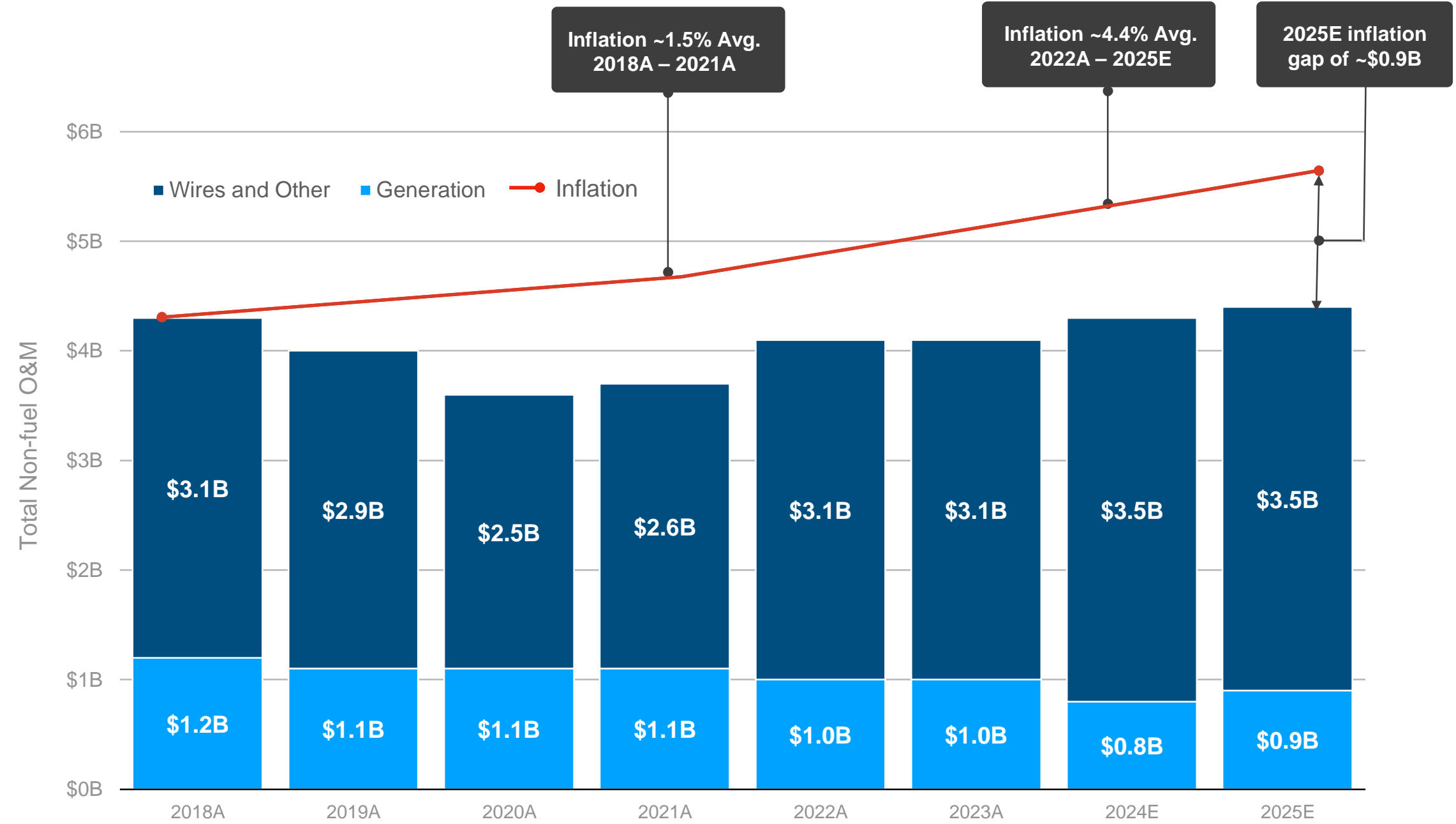
Customer Service: Process Transformation and Technology

Business transformation and technology innovation drives O&M discipline to keep customer rates affordable amid rising costs and growing rate base

\$42B
2018A
Rate Base



\$78B
2025E
Rate Base



Untracked O&M (in billions)

2018A	2019A	2020A	2021A	2022A	2023A	2024E	2025E
\$3.1	\$3.1	\$2.7	\$2.8	\$3.0	\$2.9	\$2.8	\$2.8

Regulatory Integrity: Achieving Positive Outcomes and Enhancing Value for All Stakeholders

- Advancing regulatory strategies and solutions aligned with federal and state policy priorities
- Building best-in-class operational performance and improving execution
- Providing direct line of accountability for operating company performance through leadership alignment
- Restructuring corporate regulatory function to more effectively and efficiently support operating companies
- Investing in local resources to strengthen relationships and build trust with regulators and policymakers



Financial Information

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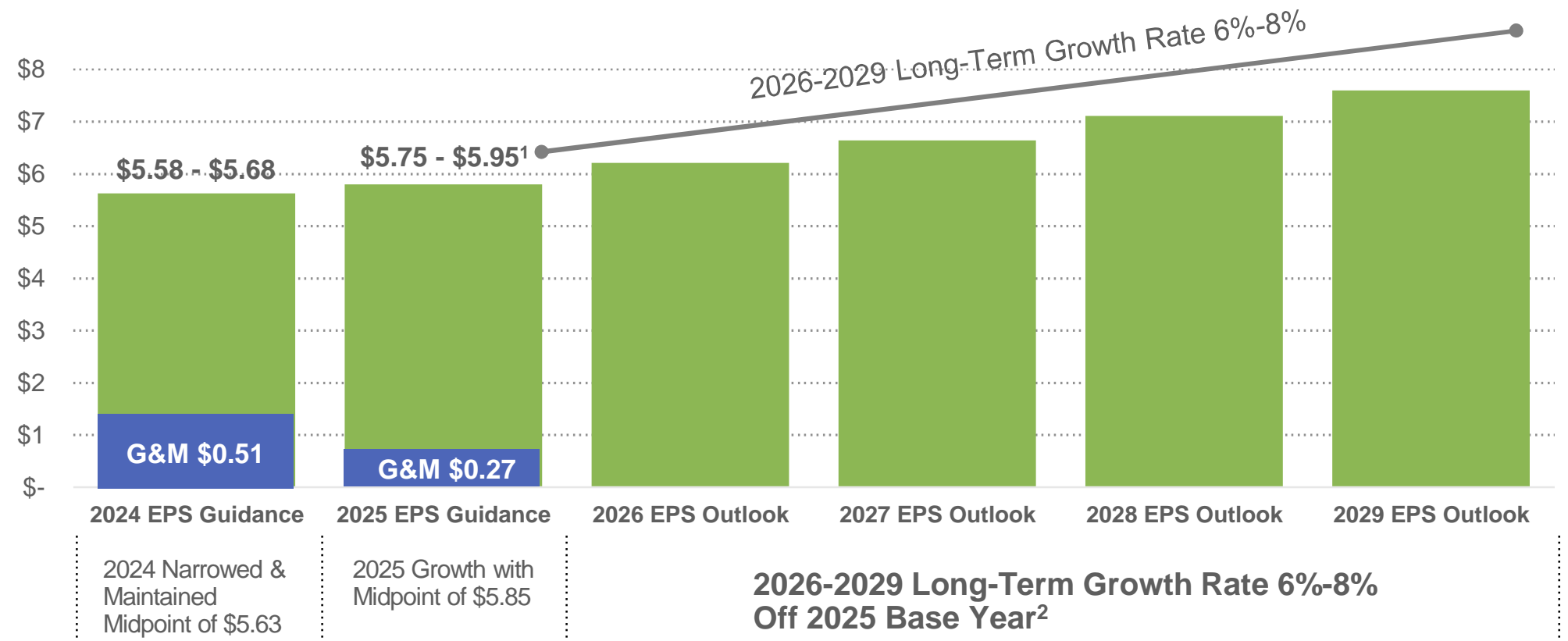
Investment Profile Driving Long-term EPS Growth Outlook

Investment growth in wires and regulated new generation investments drive attractive long-term returns

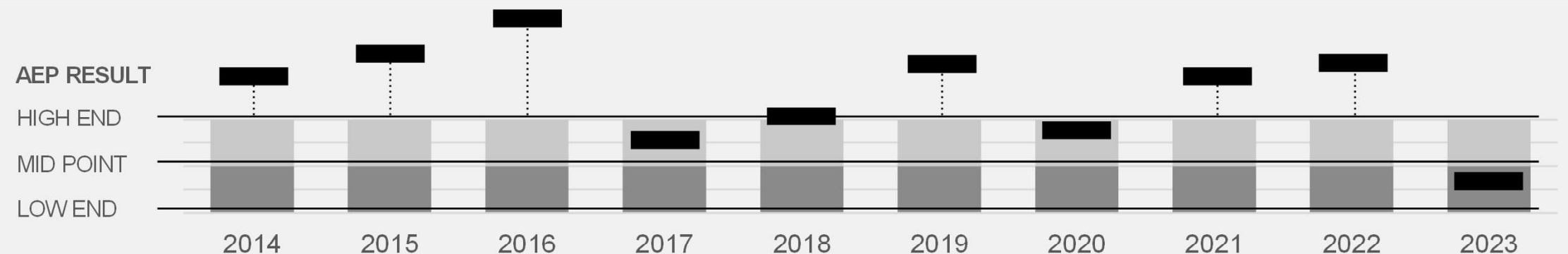
¹ AEP's earnings range in 2025 is expected to grow 4% off 2024. The foundation of AEP's 2025 range is based on robust growth in our regulated businesses. This range also reflects lower contributions from our Generation and Marketing (G&M) segment due to reduced scope of activities going forward in this segment, and lower retail and wholesale margins.

² G&M segment is included in 2026 EPS Outlook and beyond; broken out in 2024 and 2025 EPS Guidance for comparative purposes only.

Operating EPS Guidance Range and Long-Term Growth Outlook



Consistently meeting or exceeding original EPS guidance





Continued Dividend Growth Supports Strong Total Shareholder Returns

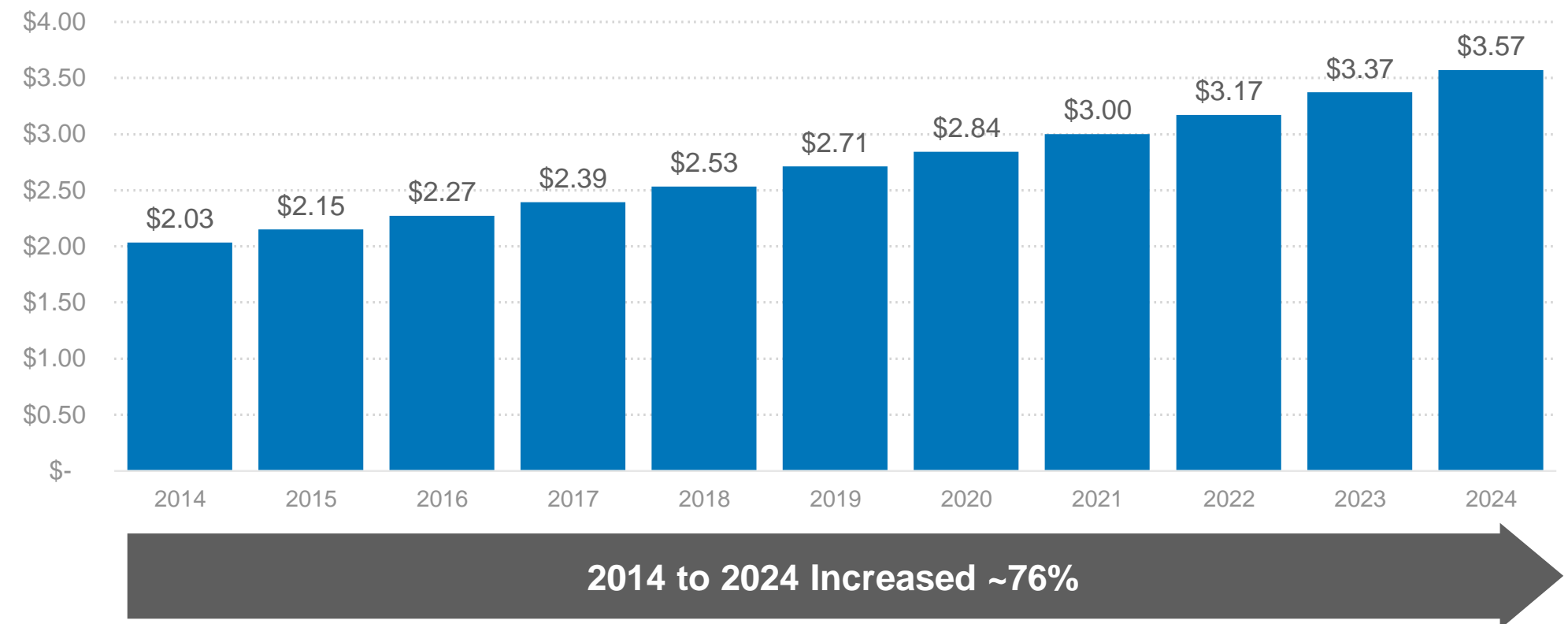
OVER 114 YEARS OF CONSECUTIVE QUARTERLY DIVIDENDS

COMMITMENT TO DIVIDEND GROWTH¹

TARGETED PAYOUT RATIO 55%-65% OF OPERATING EARNINGS

¹ Subject to approval by Board of Directors.

AEP Dividend 2014 - 2024



$$\begin{array}{l} \mathbf{6-8\%} \\ \text{Long-Term Growth} \\ \text{Rate (2026-2029)} \end{array} + \begin{array}{l} \mathbf{\sim 4\%} \\ \text{Dividend} \\ \text{Yield} \end{array} = \begin{array}{l} \mathbf{10-12\%} \\ \text{Total Shareholder} \\ \text{Return} \end{array}$$

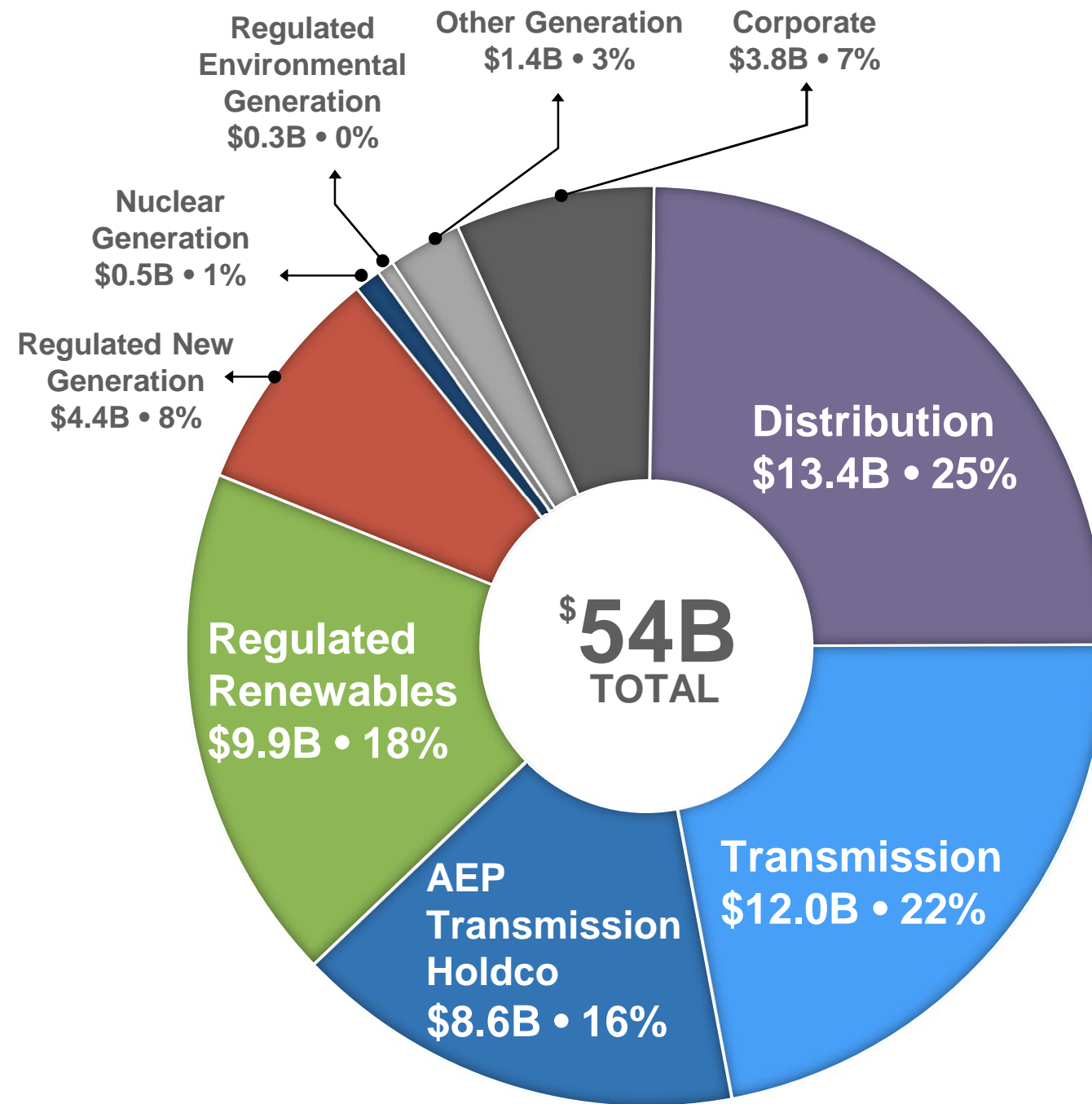


2025-2029 Capital Forecast of \$54B

The ability to quickly redeploy transmission and distribution investments ensures we deliver on our EPS growth commitments while mitigating customer bill impact

On a system average, we expect rates to go up by less than 3% annually over the forecasted period

Executing a balanced, flexible and robust capital plan to meet customer needs; approximately 85% of the capital plan being recovered through reduced lag mechanisms



100%

of capital allocated to regulated businesses

\$34B 63%

allocated to wires

\$14B 26%

allocated to regulated new generation including renewables

~8%

resulting rate base CAGR



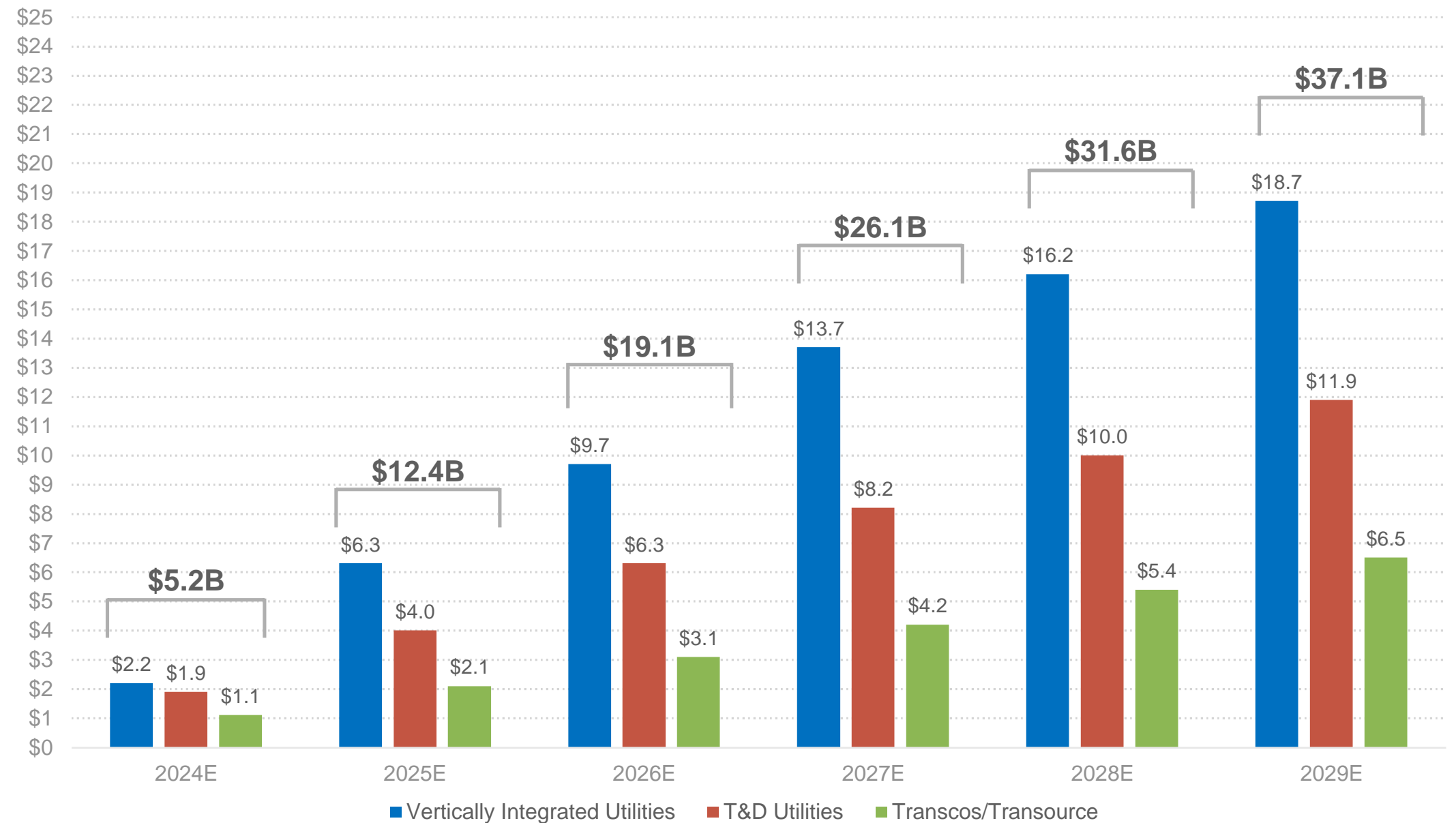
Customer-Focused Growth Capital to Support Financial Strength

~8% CAGR in Rate Base Growth

2023 RATE BASE PROXY

Vertically Integrated Utilities	\$34.8B
T&D Utilities	\$18.3B
Transcos/Transource	\$12.7B
TOTAL	\$65.8B

Cumulative change from 2023 base
(in billions)

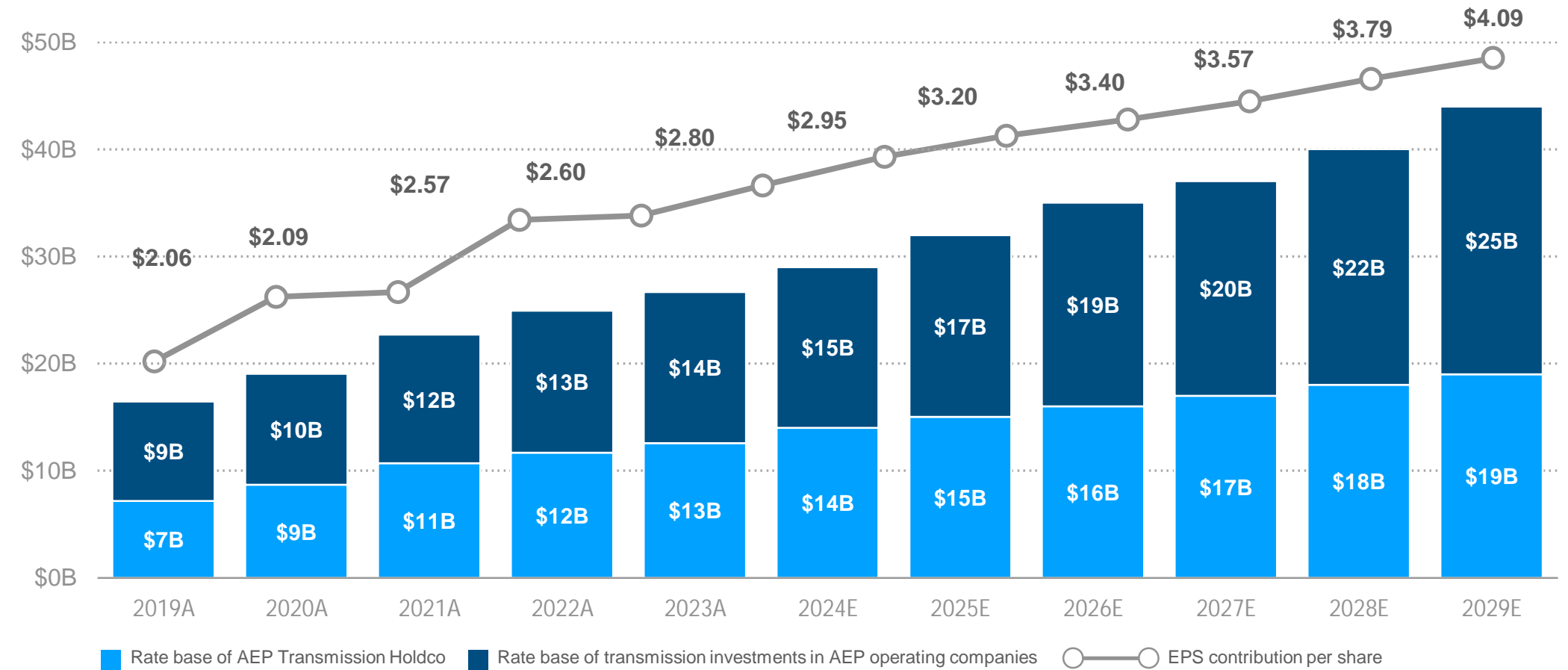




Transmission Delivering Significant Shareholder Value

2025E transmission investment represents 55% of total AEP earnings, calculated using the 2025 guidance midpoint of \$5.85

Transmission Rate Base and Earnings Per Share



EPS Contributions (\$/Share)

	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E
AEP Transmission Holdco	\$1.05	\$1.03	\$1.35	\$1.32	\$1.43	\$1.50	\$1.54	\$1.62	\$1.69	\$1.79	\$1.89
Transmission Investments in AEP Operating Companies	\$1.01	\$1.06	\$1.22	\$1.28	\$1.37	\$1.45	\$1.66	\$1.78	\$1.88	\$2.00	\$2.20



Maintaining a Strong Balance Sheet Through Strategic Financing

Strong balance sheet with targeted FFO/Debt of 14%-15% (14.7% at 9/30/2024); Debt to Capitalization of 62%-64%

¹ Subject to approval by the Board of Directors. The stated target payout ratio range is 55%-65% of operating earnings.

² Includes \$100M of DRP per year.

³ Could include equity-like instruments.

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

FINANCING PLAN

\$ in millions	2025E-2029E
Cash from Operations	\$41,500
Less: Capital Investments	(54,400)
Less: Dividends ¹	(11,300)
Less: Other Investing Activities	(2,300)
Required Capital Market Needs	\$ (26,500)
Less: Securitization Amortization	(500)
Plus: Asset Monetization / Equity ²	5,350
Debt Capital Markets Needs (New)³	\$ (21,650)
Debt Maturities	(11,000)
Total Debt Capital Market Needs	\$ (32,650)

Appendix

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2025 Operating Earnings Guidance

2025 Key Drivers

		0.50		0.03		0.04		(0.24)		(0.11)		
	\$5.63/sh 2024 EPS Midpoint											\$5.85/sh 2025 EPS Midpoint
		Rate Changes	\$0.72	Rate Changes	\$0.28	Investment/Rate Base Growth	\$0.12	Distributed Resources	\$(0.13)	O&M	\$(0.03)	
		Normalized Sales	\$0.15	O&M	\$(0.03)	Net Interest	\$(0.03)	Retail	\$(0.04)	Net Interest	\$(0.10)	
		O&M	\$(0.04)	Depreciation	\$(0.10)	Income Tax	\$(0.01)	Wholesale	\$(0.06)	Other	\$0.02	
		Depreciation	\$(0.24)	Net Interest	\$(0.10)	Other	\$(0.04)	Other	\$(0.01)			
		Net Interest	\$(0.09)	Other	\$(0.02)							
2024E		VERTICALLY INTEGRATED UTILITIES		TRANSMISSION AND DISTRIBUTION UTILITIES		AEP TRANSMISSION HOLDCO		GENERATION & MARKETING		CORPORATE AND OTHER		2025E
2025E		\$3.19		\$1.57		\$1.54		\$0.27		\$(0.72)		\$5.85



2025 Key Guidance Sensitivities and Assumptions

A \$6.8M change in pretax earnings equals \$0.01 per share

SENSITIVITY ANALYSIS

	SENSITIVITY		EPS	
			VIU	T&D
Retail Sales				
Residential	1.0%	+/-	\$ 0.034	\$ 0.010
Commercial	1.0%	+/-	\$ 0.016	\$ 0.002
Data Center	1.0%	+/-	\$ 0.002	\$ 0.001
Industrial	1.0%	+/-	\$ 0.010	\$ 0.001
O&M Expense (excludes O&M with offsets)	1.0%	+/-	\$ 0.04	
Interest Expense (floating debt)	25 bps	+/-	\$ 0.02	
Interest Expense (new issuances)	25 bps	+/-	\$ 0.01	
Regulated ROE	10 bps	+/-	\$ 0.07	

Assumptions
2025 Regulated Connected Load (Billed and Accrued)

Residential	58,353 GWh
Commercial	48,122 GWh
Data Centers	26,810 GWh
Industrial	62,621 GWh

Rate Changes: \$676M; \$487M secured or secure-like

Average Shares Outstanding: 538.1M



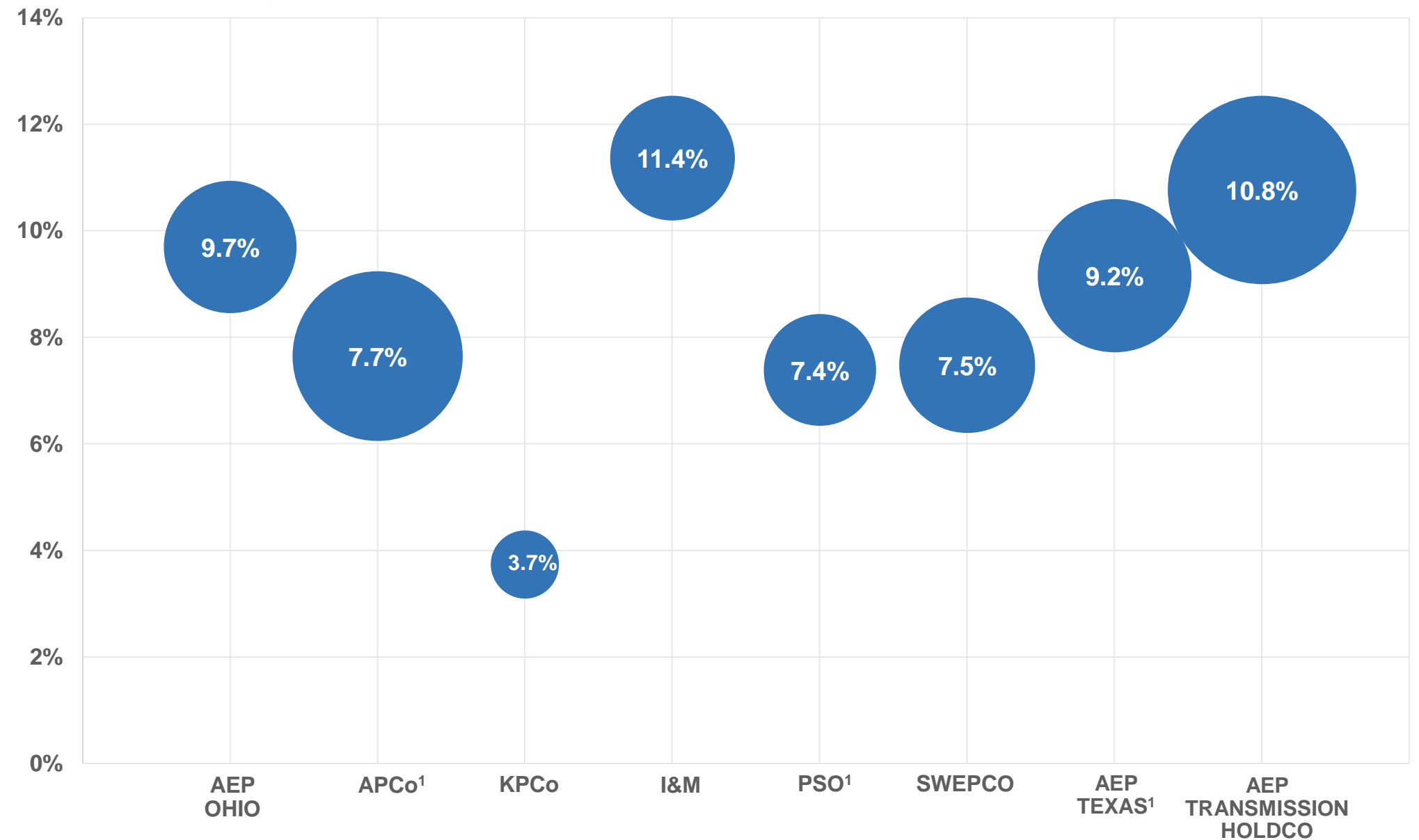
Regulated Returns

2025 Forecasted Regulated ROE is 9.3%

¹ Base rate cases pending/order recently received.

Sphere size is based on each company's relative equity balance.

Twelve Months Ended 9/30/2024 Earned ROE's – Total Regulated ROE was 9.0%
(non-GAAP operating earnings, not weather normalized)





Current Rate Case Activity



Achieve positive regulatory outcomes to advance affordability, system reliability, resiliency and security

AEP Texas

Docket #	56165
Filing Date	2/29/2024
Requested Rate Base	\$9.3B
Requested ROE	10.6%
Cap Structure	55%D / 45%E
Gross Revenue Increase	\$164M (Less \$34 M D&A)
Net Revenue Increase	\$130M
Test Year	9/30/2023
<u>Commission Order Summary</u>	
Unanimous Settlement Filed	7/25/2024
Commission Order	10/3/2024
Effective Date	10/1/2024
ROE	9.76%
Cap Structure	57.5%D / 42.5%E
Revenue Increase	\$70M

APCo – Virginia

Docket #	PUR-2024-00024
Filing Date	3/29/2024
Requested Rate Base	\$3.2B
Requested ROE	10.8%
Cap Structure	51.3%D / 48.7%E
Net Revenue Increase	\$82M
Test Year	12/31/2023
<u>Procedural Schedule</u>	
Expected Commission Order	Q4-24
Expected Effective Date	January 2025

APCo – West Virginia¹

Docket #	24-0854-E-42T
Filing Date	11/1/2024
Requested Rate Base	\$5.3B
Requested ROE	10.8%
Cap Structure	52%D / 48%E
Gross Revenue Increase	\$250M (Less \$62 D&A)
Net Revenue Increase	\$188M
Test Year	12/31/2023

¹ Filing also included a securitization option for customer rate mitigation.

PSO – Oklahoma

Docket #	PUD 2023-000086
Filing Date	1/31/2024
Requested Rate Base	\$4.5B
Requested ROE	10.8%
Cap Structure	48.9%D / 51.1%E
Gross Revenue Increase	\$185M (Less \$55M D&A)
Net Revenue Increase	\$130M
Test Year	8/31/2023
<u>Settlement Summary</u>	
Settlement Filed	10/01/2024
Expected Commission Order	Q4-24
Expected Effective Date	10/23/2024
ROE	9.5%
Cap Structure	48.9%D / 51.1%E
Net Revenue Increase	\$70M



2025-2029 Capital Forecast by Subsidiary

¹ Includes Wheeling Power Company.

Capital plans are continuously optimized which may result in redeployment between timing, functions and companies.

\$ in millions, excludes AFUDC	2025E	2026E	2027E	2028E	2029E	Total
AEP Generating Company	\$ 9	\$ 9	\$ 7	\$ 3	-	\$ 28
AEP Ohio	\$ 931	\$ 1,004	\$ 991	\$ 928	\$ 998	\$ 4,852
AEP Texas Company	\$ 1,846	\$ 2,044	\$ 1,790	\$ 1,824	\$ 1,806	\$ 9,310
AEP Transmission Holdco	\$ 1,509	\$ 1,501	\$ 1,795	\$ 1,835	\$ 1,950	\$ 8,590
Appalachian Power Company ¹	\$ 1,543	\$ 1,562	\$ 1,299	\$ 1,832	\$ 1,620	\$ 7,856
Kentucky Power Company	\$ 203	\$ 202	\$ 276	\$ 326	\$ 343	\$ 1,350
Kingsport Power Company	\$ 33	\$ 31	\$ 31	\$ 32	\$ 31	\$ 158
Indiana Michigan Power Company	\$ 598	\$ 1,321	\$ 2,337	\$ 1,501	\$ 1,575	\$ 7,332
Public Service Company of Oklahoma	\$ 2,546	\$ 1,774	\$ 1,115	\$ 1,080	\$ 830	\$ 7,345
Southwestern Electric Power Company	\$ 2,158	\$ 1,018	\$ 1,469	\$ 1,093	\$ 1,166	\$ 6,904
Other	\$ 126	\$ 145	\$ 113	\$ 140	\$ 140	\$ 664
Total Capital Contributions	\$ 11,502	\$ 10,611	\$ 11,223	\$ 10,594	\$ 10,459	\$ 54,389



Credit Ratings and Downgrade Thresholds

¹ In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short-term credit ratings of A-2/P2 from S&P/Moody's.

² NR stands for Not Rated.

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

**AEP Downgrade Threshold
(on a sustained basis)**

**Moody's: FFO/Debt
13%**

**S&P: FFO/Debt
13%**

**Fitch: FFO Leverage
5.8x**

2025 Debt Issuances and Maturities Overview

Chart excludes pollution control bond remarketings and nuclear fuel leases; no significant issuances are planned for I&M and no significant maturities for AEP Ohio and SWEPCO in 2025.

Issuances include \$447M of securitization at KPCo.

