



**AMERICAN  
ELECTRIC  
POWER™**

BOUNDLESS ENERGY™



## Leading the Way Forward

54<sup>th</sup> EEI Financial Conference

Orlando, Florida

November 10-12, 2019

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs, new legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

## INVESTOR RELATIONS

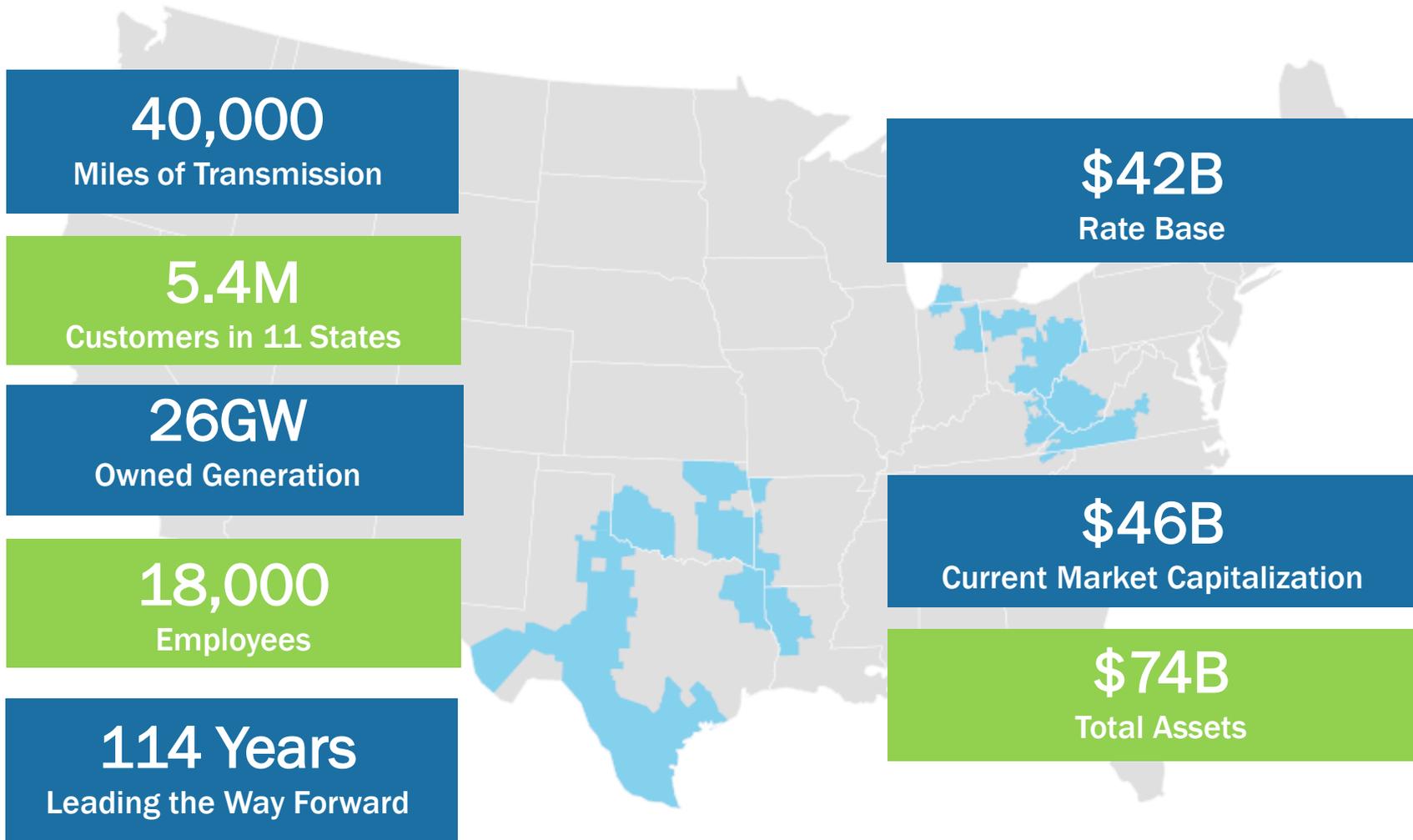
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# The Premier Regulated Energy Company



Statistics as of September 30, 2019 except for market capitalization as of November 4, 2019 and rate base as of December 31, 2018

**Confidence in  
Steady and  
Predictable  
Earnings  
Growth Rate  
of  
5%-7%**

**Commitment  
to Growing  
Dividend  
Consistent  
with Earnings**

**Well  
Positioned  
as a  
Sustainable  
Regulated  
Business**

**Compelling  
Portfolio of  
Premium  
Investment  
Opportunities**

**Invest in transmission and distribution networks**

**Invest in regulated and contracted renewables**

**Mitigate generation risk and optimize operations**

**Superior capital allocation**

**Relentless O&M optimization/Future of work**

**Improve customer experience**

**We are focused on executing our strategy while concurrently improving our operations and keeping rates affordable**



## EEI KEY THEMES

- 5%-7% Earnings Growth Rate and 2020 Range
- Proven Track Record of TSR and EPS Performance
- Strong Dividend Growth
- O&M Optimization
- Transforming Our Generation Fleet

*Incentive Comp Tied to High End of EPS*

*Investment Pipeline*

*Steady Growth*

## TOTAL SHAREHOLDER RETURN

**~3%**

**DIVIDEND YIELD**

5%-7% CAGR

*Consistent Dividends*

**5%-7%**

**EPS GROWTH**

2020 Operating Earnings  
Guidance  
\$4.25-\$4.45 per share

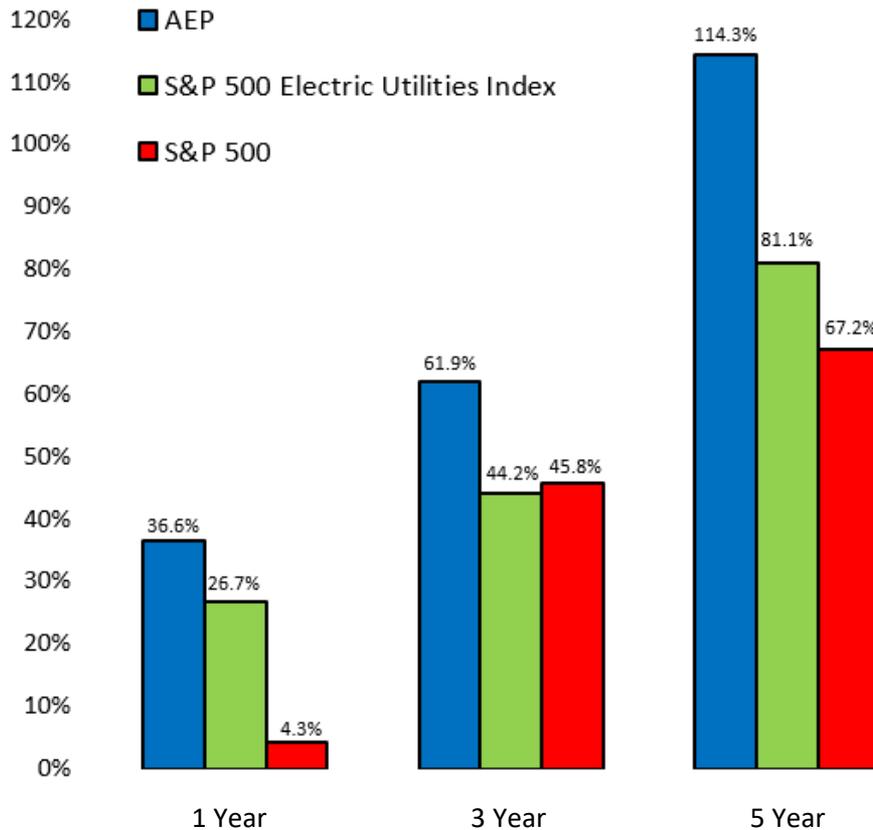
*Strong Balance Sheet*

*Low Risk, Regulated Assets*

# Proven Track Record of Performance

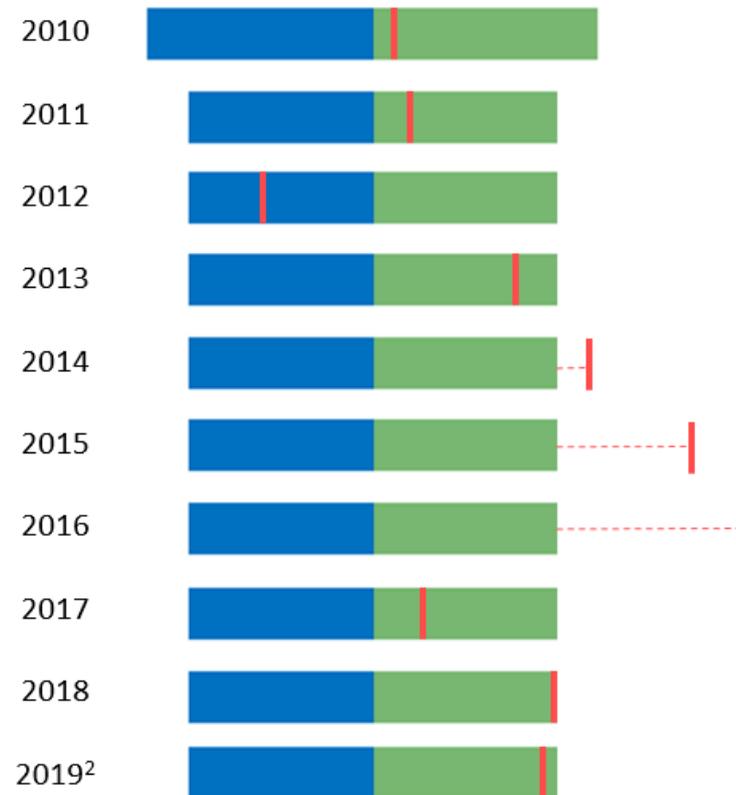


## Favorable Total Shareholder Return<sup>1</sup>

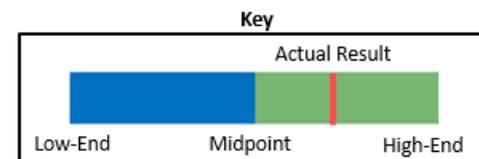


<sup>1</sup> Data as of September 30, 2019

## Decade of Meeting or Exceeding Original Guidance



<sup>2</sup> Expected Operating EPS

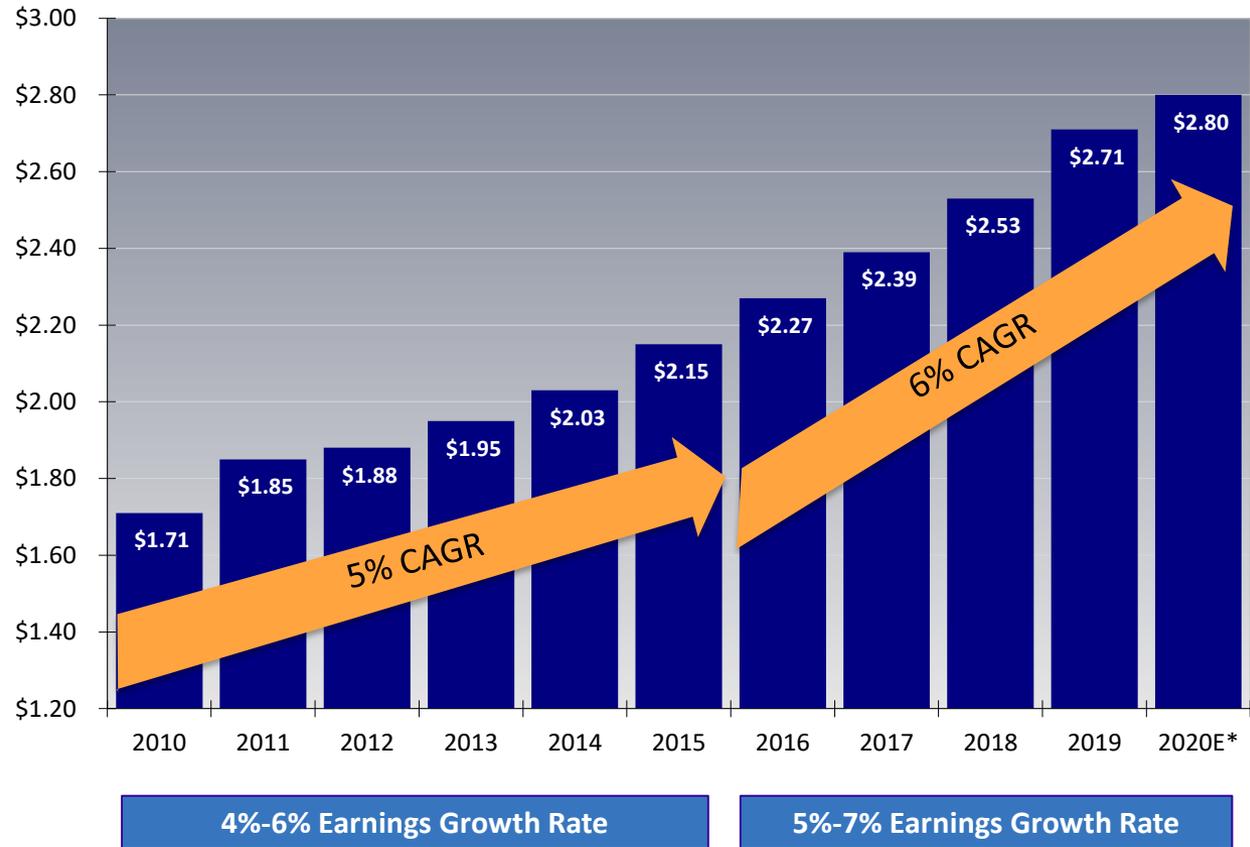


# Strong Dividend Growth

Targeted payout ratio 60-70% of operating earnings

Over 109 years of consecutive quarterly dividends

Targeted dividend growth in line with earnings



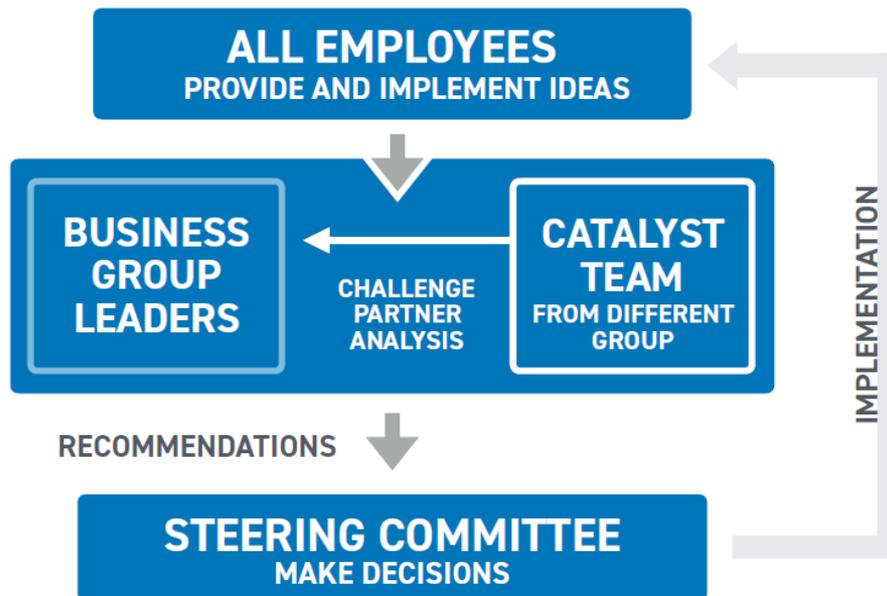
**EPS Growth + Dividend Yield = 8% to 10% Annual Return Opportunity**

\* Subject to Board approval

## Achieving Excellence: A new disciplined O&M optimization process to improve our business

### PROCESS OVERVIEW

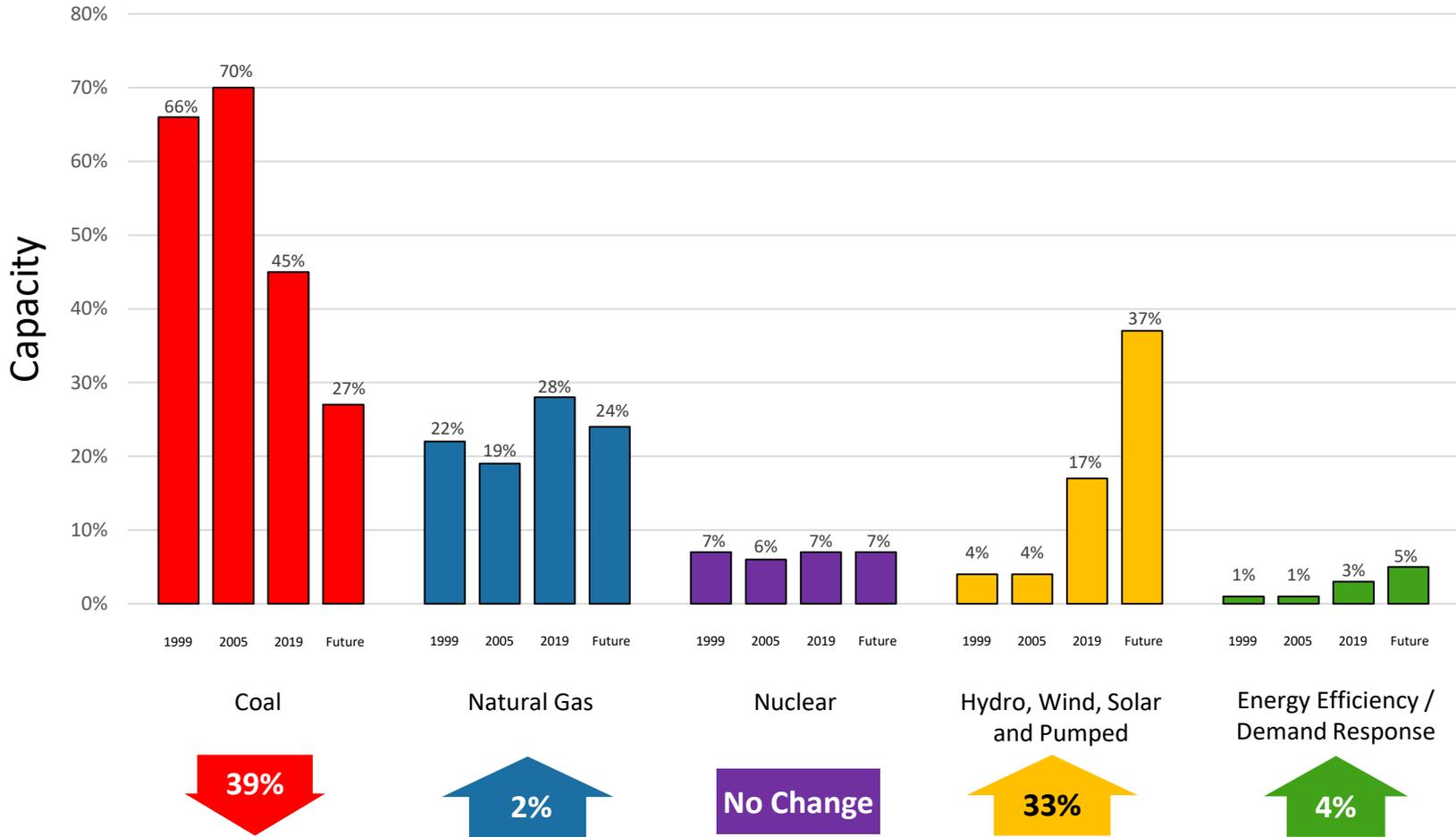
EMPLOYEE DRIVEN; EMPLOYEE OWNED



### KEY FEATURES

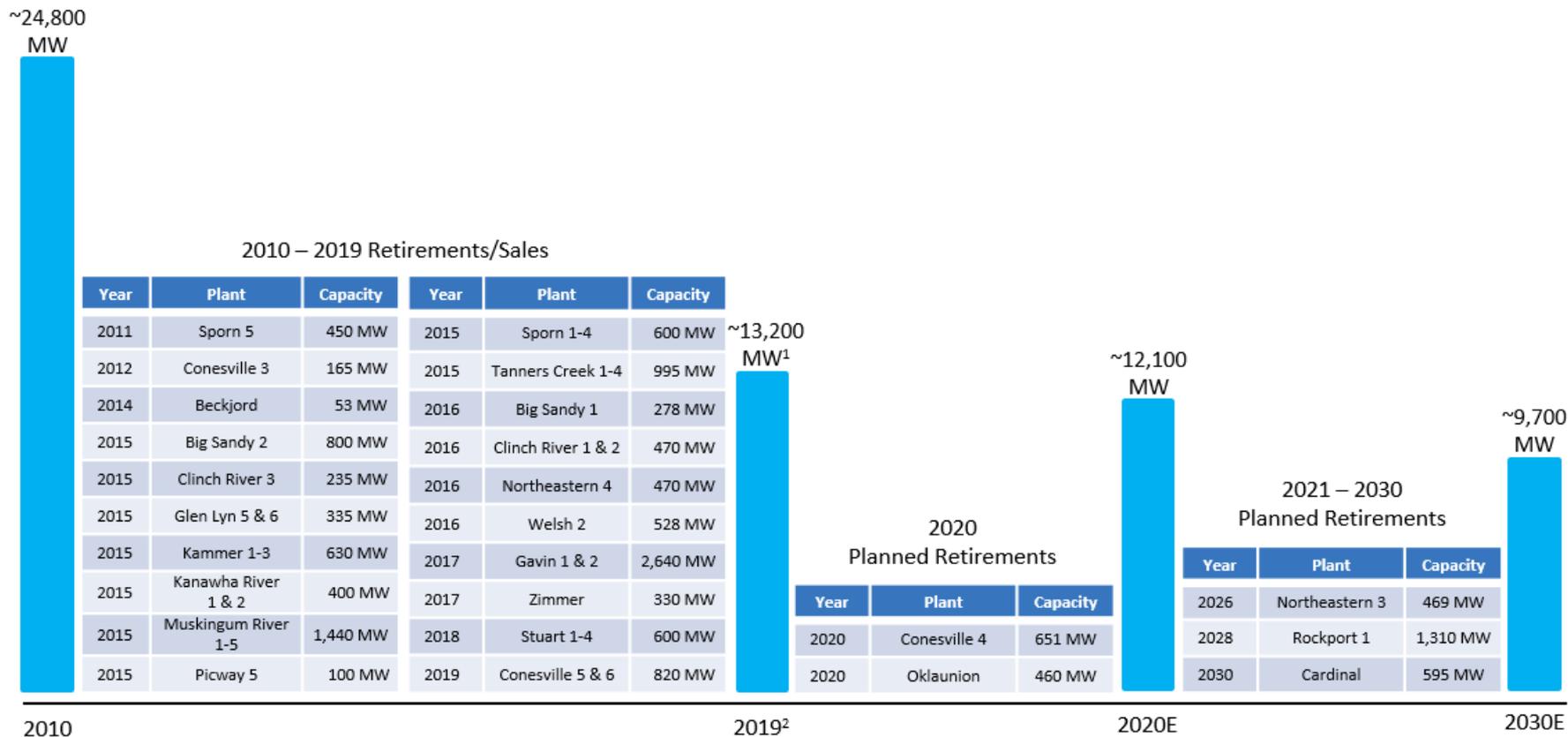
- Program will be an ongoing part of our enhanced target setting process
- Catalyst team includes employees with strong analytic, teamwork and project management skills
- Group leaders include heads of business units who will partner with and evaluate ideas from catalyst team
- Steering Committee reviews recommendations and makes implementation decisions

# Transforming Our Generation Fleet



As of 09/30/2019. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.

# Retirement Progress and Plans



<sup>1</sup> Includes 2012 Turk Plant addition and 40% of Conesville 4 that was acquired in conjunction with the sale of Zimmer Plant

<sup>2</sup> MW Capacity as of 9/30/2019

# Projected Resource Additions

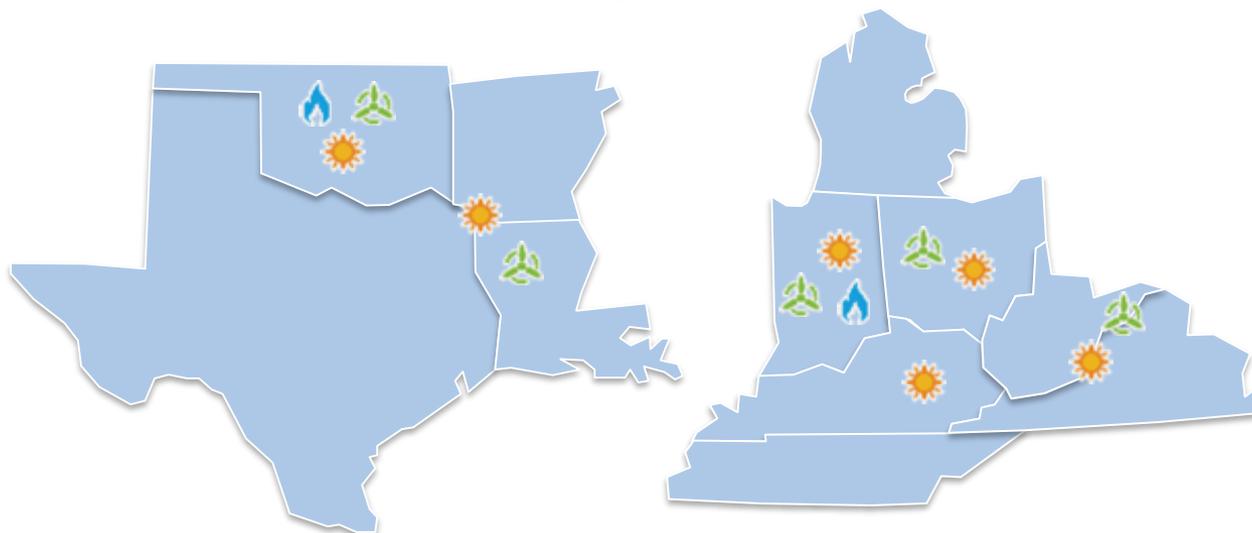
Solar Additions (MW)			
Operating Co:	2020-2022	2023-2027	2028-2030
AEP Ohio	400 <sup>1</sup>	-	-
APCo	15	300	750
I&M	150	600	550
KPCo	20 <sup>1</sup>	30	40
PSO	11	600	600
SWEPSCO	-	-	300
<b>Totals</b>	<b>596</b>	<b>1,530</b>	<b>2,240</b>

Wind Additions (MW)			
Operating Co:	2020-2022	2023-2027	2028-2030
AEP Ohio	500 <sup>1</sup>	-	-
APCo	-	300	-
I&M	300	150	300
KPCo	-	-	-
PSO	675 <sup>1</sup>	400	200
SWEPSCO	810 <sup>1</sup>	600	-
<b>Totals</b>	<b>2,285</b>	<b>1,450</b>	<b>500</b>

Natural Gas Additions (MW)			
Operating Co:	2020-2022	2023-2027	2028-2030
I&M	18	18	788
PSO	373 <sup>2</sup>	410 <sup>2</sup>	-
<b>Totals</b>	<b>391</b>	<b>428</b>	<b>788</b>

<sup>2</sup> To replace expiring PPA

<sup>1</sup> Subject to regulatory filings currently underway



Total Projected Resource Additions (MW)	
Resource	2020-2030
Solar	4,366
Wind	4,235
Natural Gas	1,607
<b>Totals</b>	<b>10,208</b>

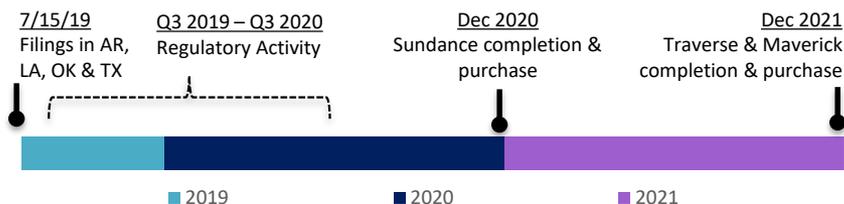
Updated 09/30/2019

# North Central Wind Overview



SWEPCO and PSO Regulated Wind Investment Opportunity				
<b>Total Rate Base Investment</b>	~\$2 billion (1,485 MW)			
<b>North Central Wind</b>	<b>Name</b>	<b>MW</b>	<b>Investment</b>	<b>In-Service</b>
	Sundance	199	\$307M	EOY 2020 (100% PTC)
	Traverse	999	\$1,287M	EOY 2021 (80% PTC)
	Maverick	287	\$402M	EOY 2021 (80% PTC)
<b>Net Capacity Factor</b>	44.0%			
<b>Customer Savings</b>	~\$3 billion (30-year nominal \$)			
<b>Developer</b>	Invenergy			
<b>Turbine Supplier</b>	GE			

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



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

## AEP's Carbon Emission Reduction Goals

**70%** by 2030  
**80%** by 2050<sup>1</sup>

(both from a 2000 baseline)

### Strategy to Achieve

- ❑ Investments in renewable energy within and outside of our traditional service territory
- ❑ Technology deployment (e.g., energy storage)
- ❑ Modernization of the grid with significant investments in transmission and distribution
- ❑ Increased use of natural gas
- ❑ Optimization of our existing generating fleet

### Environmental, Social and Governance (ESG) Reporting:

- AEP's Corporate Accountability Report
- Clean Energy Strategy: American Electric Power: Strategic Vision for a Clean Energy Future
- EEI ESG Sustainability Reporting: AEP's 2019 EEI ESG Report
- AEP's CDP Survey Responses
- AEP's GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

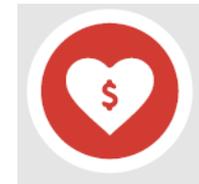
<sup>1</sup> Aspiration is zero emissions

## Our Employees



- Forbes – America’s Best Employers for Diversity in 2019
- Forbes – Inaugural Best Employers for Women in 2018
- Disability Equality Index – Best Places to Work for Disability Inclusion in 2019
- Human Rights Campaign – Best Places to Work for LGBT Equality in 2018
- VIQTORY Media – Top 100 Military-Friendly Employers in 2019

## Our Communities (2018 Stats)

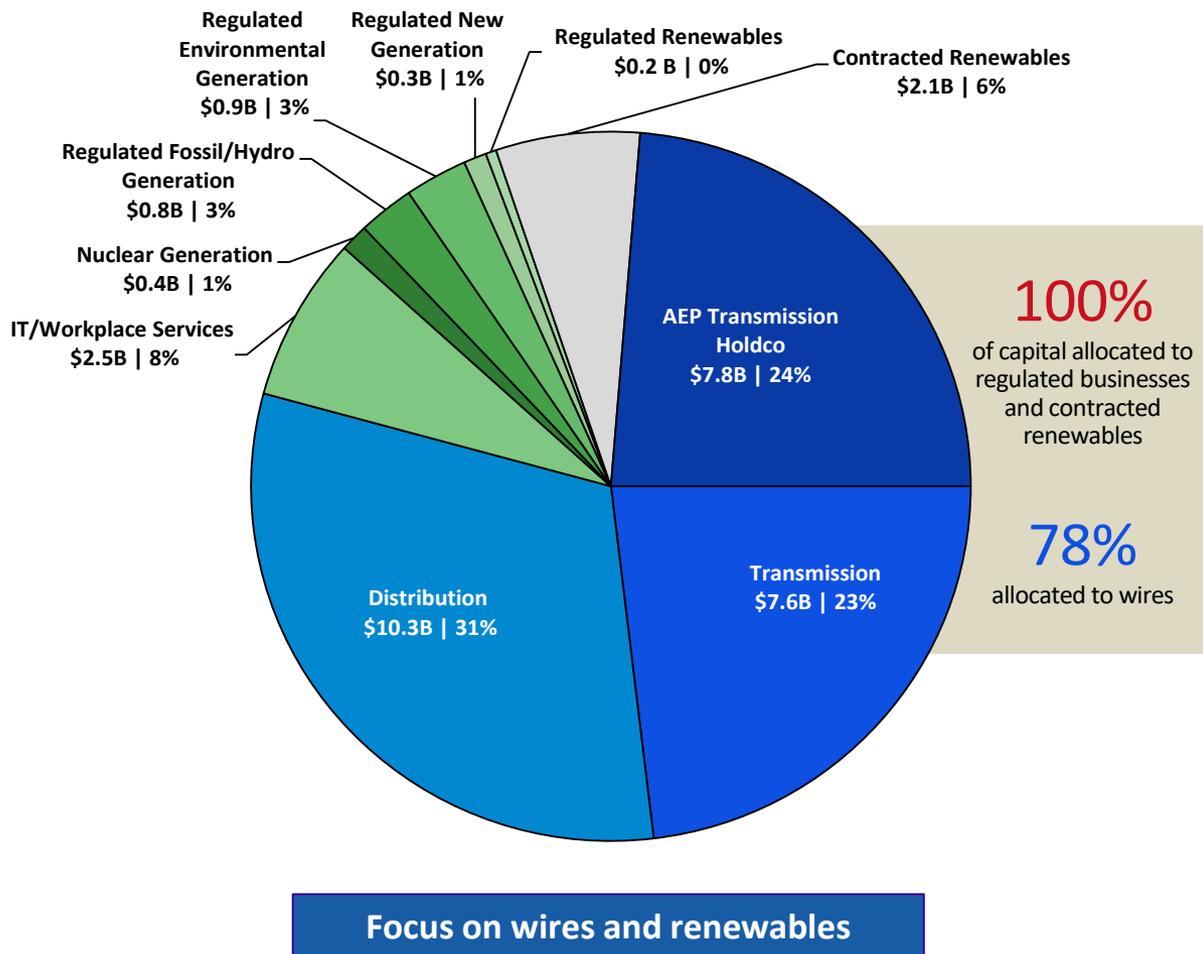


- Energy assistance provided to customers ~ \$66 million
- New jobs provided through economic development ~ 15,000
- Philanthropic giving to more than 1,800 community organizations ~ \$26 million
- Corporate spend to locally-based suppliers ~ 49%

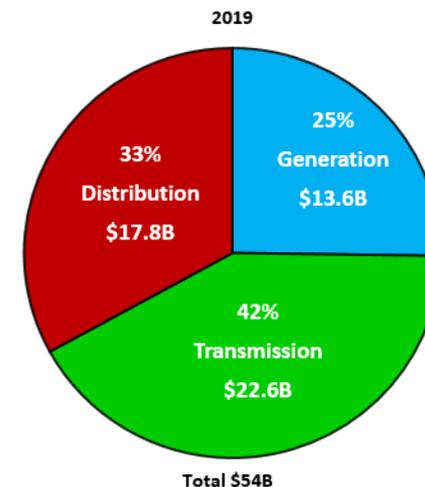
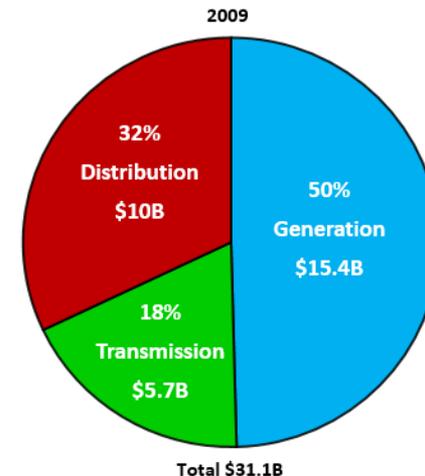
# 2020 - 2024 Capital Forecast of \$33B and Net Plant



## 2020-2024 Capital Forecast<sup>1</sup>



## Historical Net Plant Profiles



<sup>1</sup> Does not include North Central Wind