BOUNDLESS ENERGY℠

2nd Quarter 2018

Earnings Release Presentation

July 25, 2018

AMERICAN ELECTRIC POWER

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

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: economic growth or contraction within and changes in 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, electric load and customer growth, 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, availability of necessary generation capacity, the performance of generation plants and the availability of fuel, including processed nuclear fuel, parts and service from reliable vendors, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build 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 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, environmental compliance and excess accumulated deferred income taxes, 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 capacity and electricity, 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 pronouncements periodically issued by accounting standard-setting bodies, impact of federal tax reform on customer rates, income tax expense and cash flows, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

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Non-GAAP Financial Measures

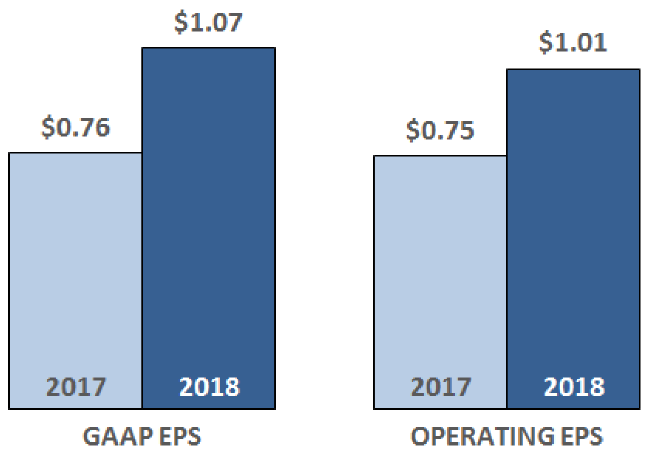
AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO 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 2018, the estimated earnings per share on a GAAP basis would be $3.78 to $3.98 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.

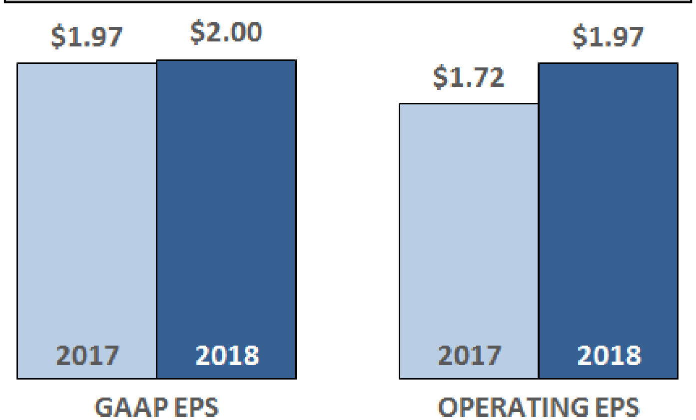
These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. AEP has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance 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 2018 Highlights

2nd Quarter 2018



YTD 2018



Refer to Appendix for reconciliation between GAAP and Operating EPS

Company Update

Earnings Update

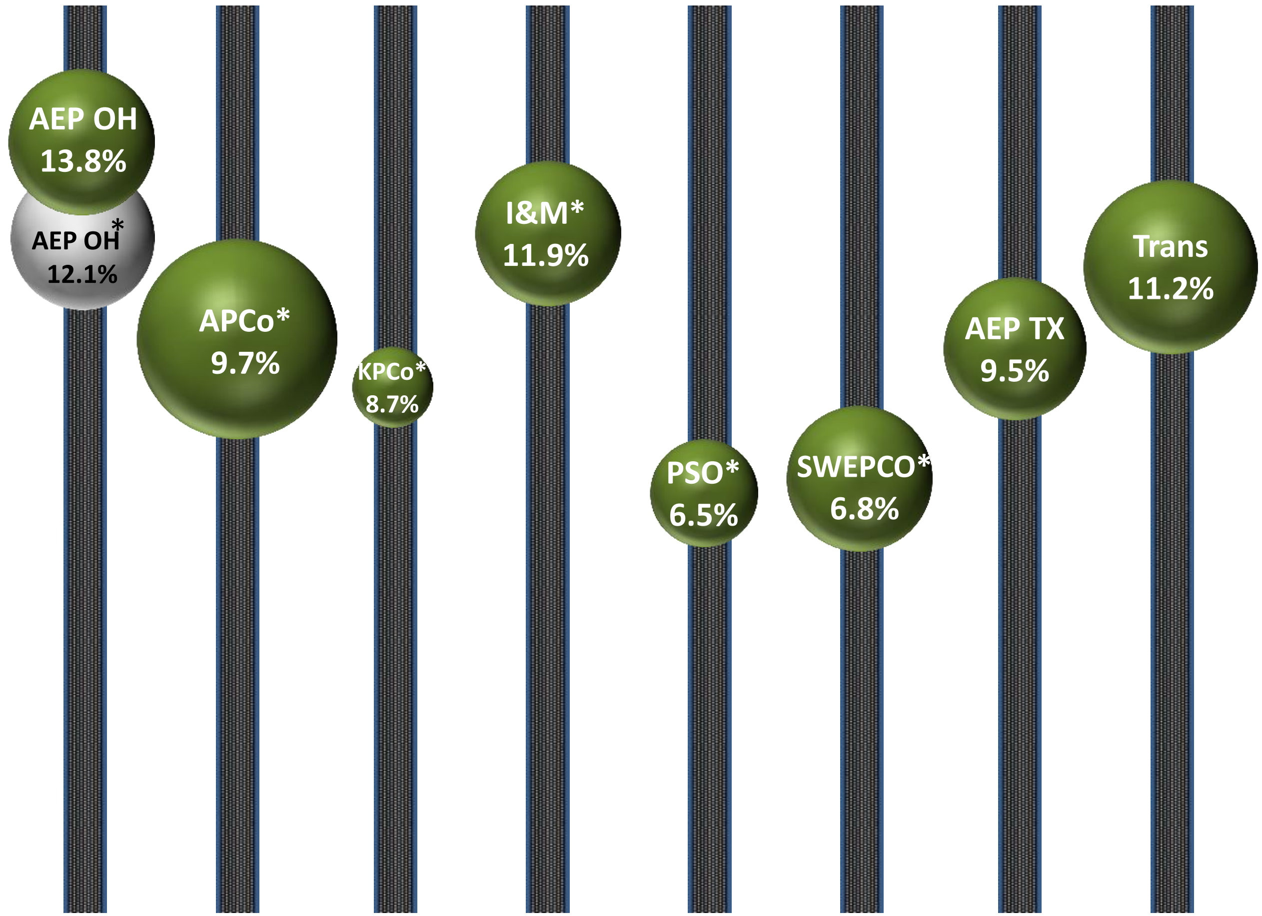
- ✓ Delivered GAAP earnings of $1.07 per share and operating earnings of $1.01 per share for the second quarter of 2018
- ✓ Delivered GAAP earnings of $2.00 per share and operating earnings of $1.97 per share for YTD June 2018
- ✓ Reaffirmed 2018 operating earnings guidance range of $3.75 to $3.95 per share

Strategic Update

- ✓ Wind Catcher Energy Connection
- ✓ Strong base plan continues to support 5-7% growth rate

Regulated Returns

Twelve Months Ended 6/30/2018 Earned ROE's (non-GAAP operating earnings, not weather normalized)



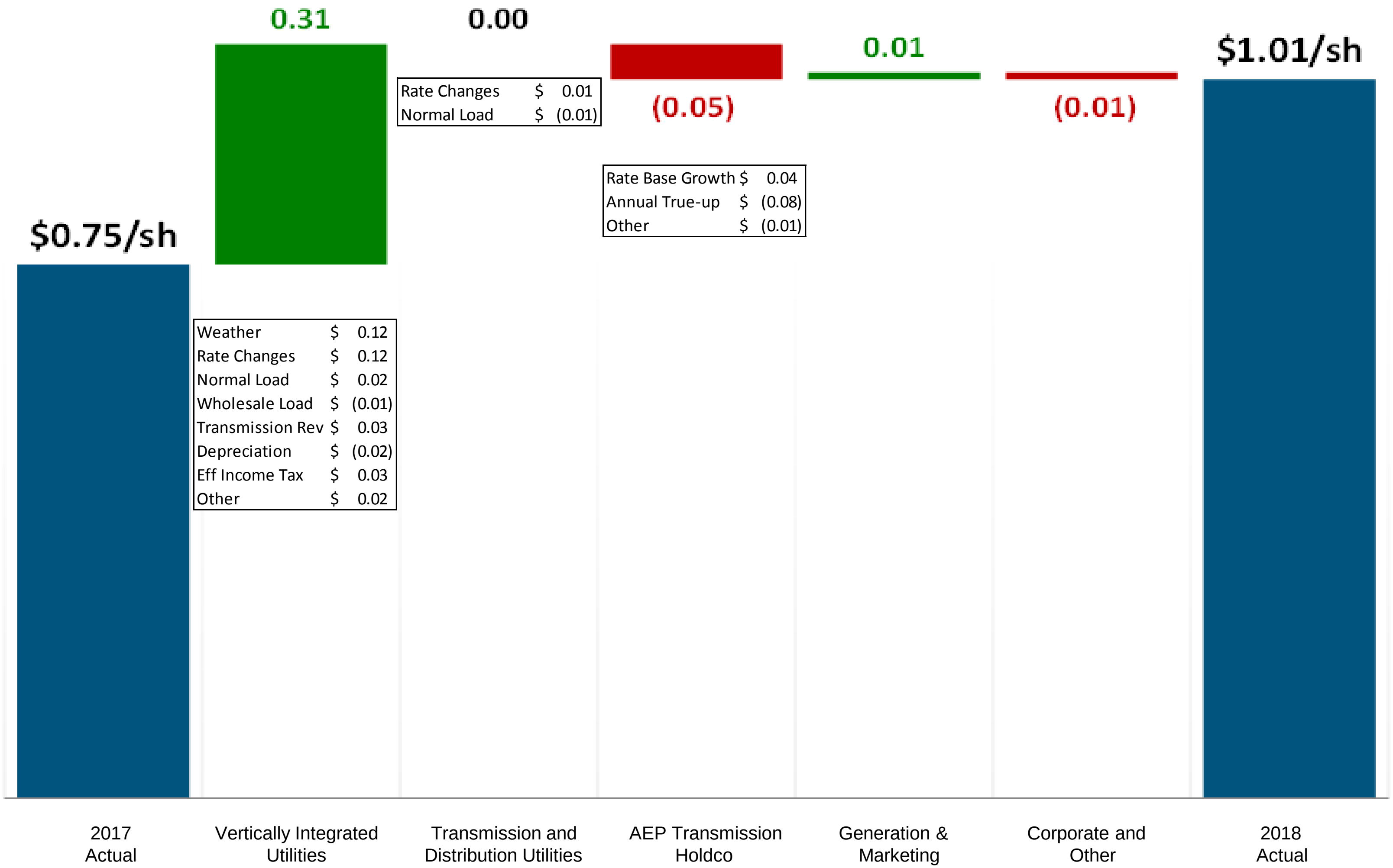
Regulated Operations ROE of 10.0%

as of June 30, 2018

*AEP Ohio adjusted for SEET items. Base rate case orders in process or recently received at other operating companies.

Sphere size based on each company's relative equity balance

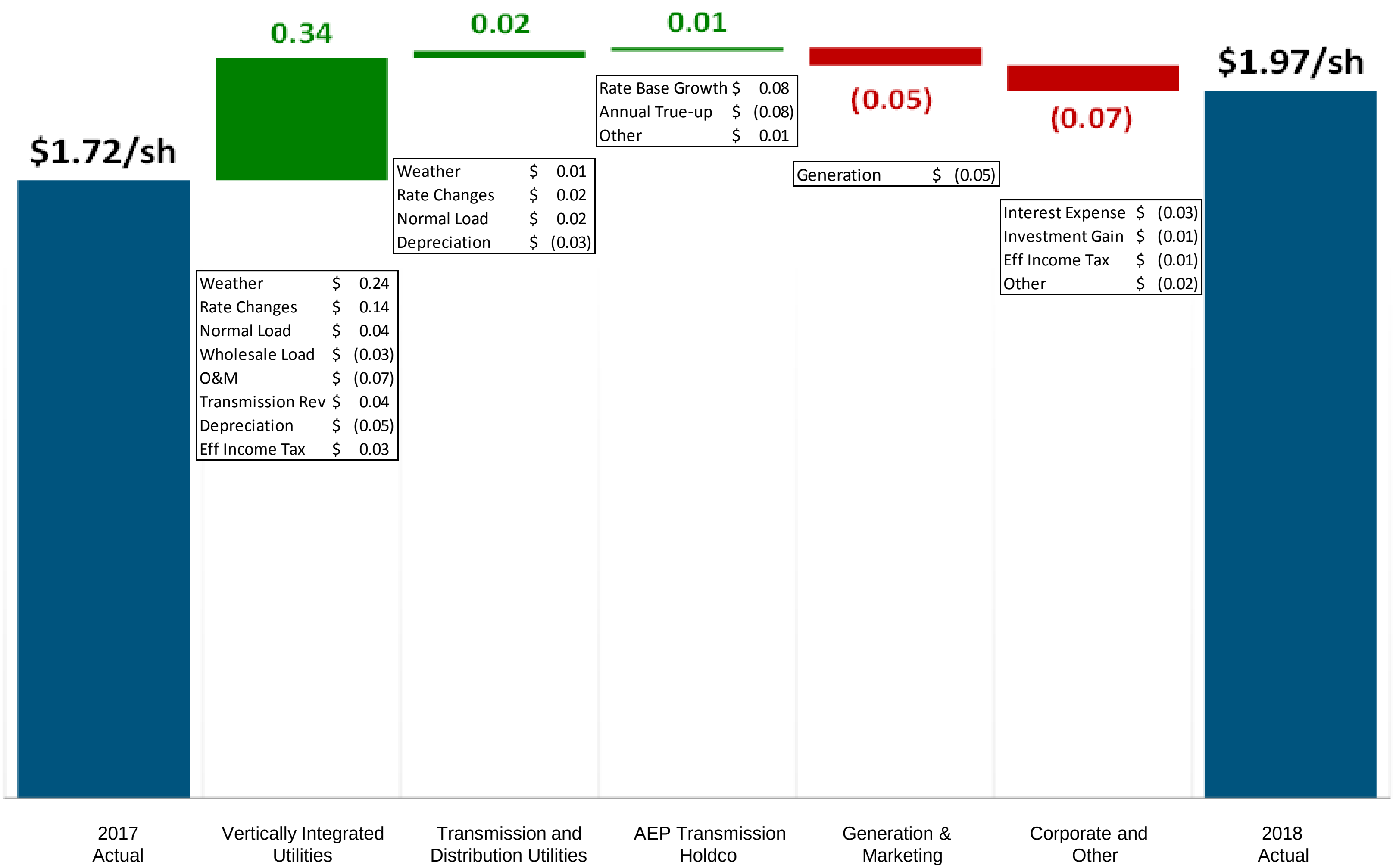
2nd Quarter Operating Earnings Segment Detail



2018 Actual EPS	**$0.56**	**$0.23**	**$0.21**	**$0.05**	**($0.04)**	**$1.01**

Refer to Appendix for additional explanation of variances by segment

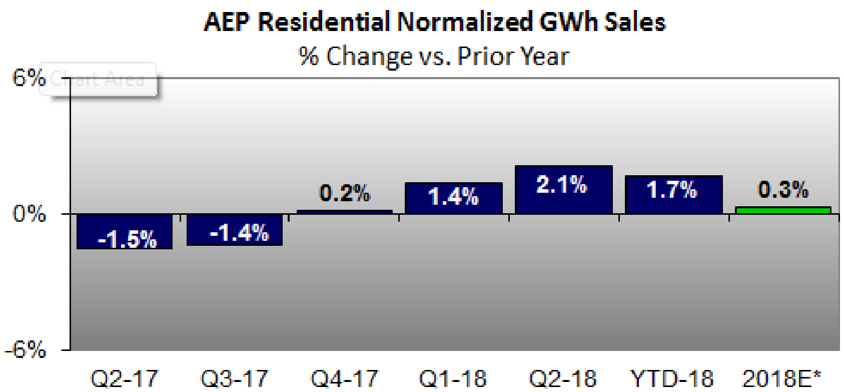
YTD Operating Earnings Segment Detail

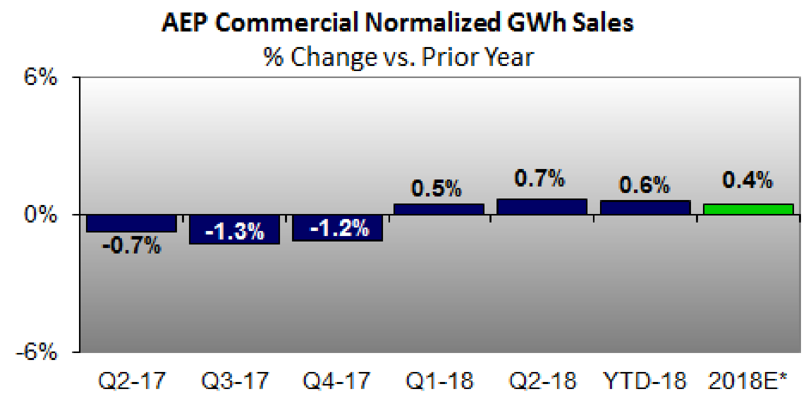


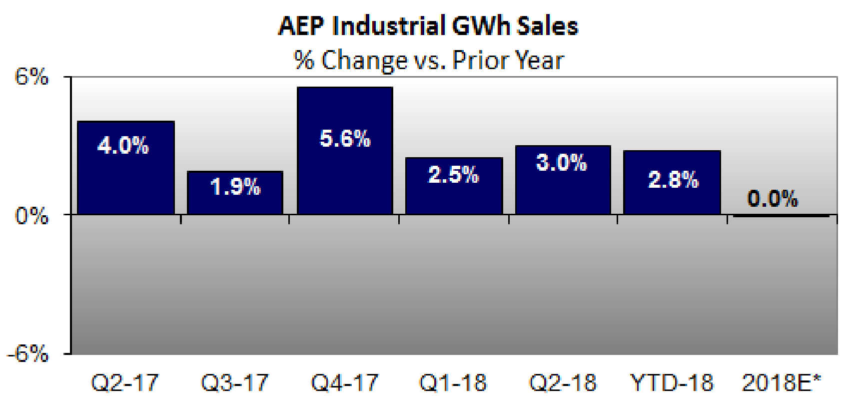
2018 Actual EPS	**$1.03**	**$0.49**	**$0.42**	**$0.13**	**($0.10)**	**$1.97**

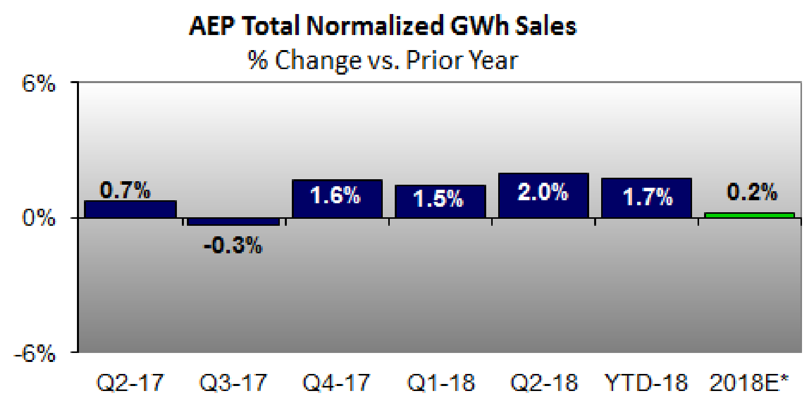
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends







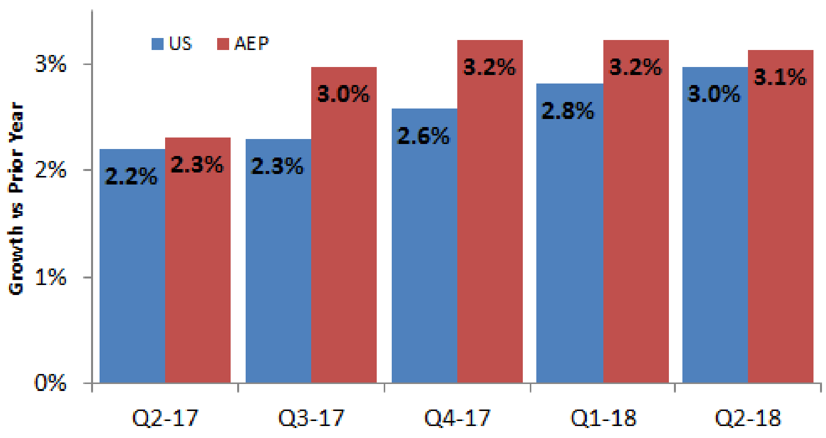


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale and Buckeye Power backup load.

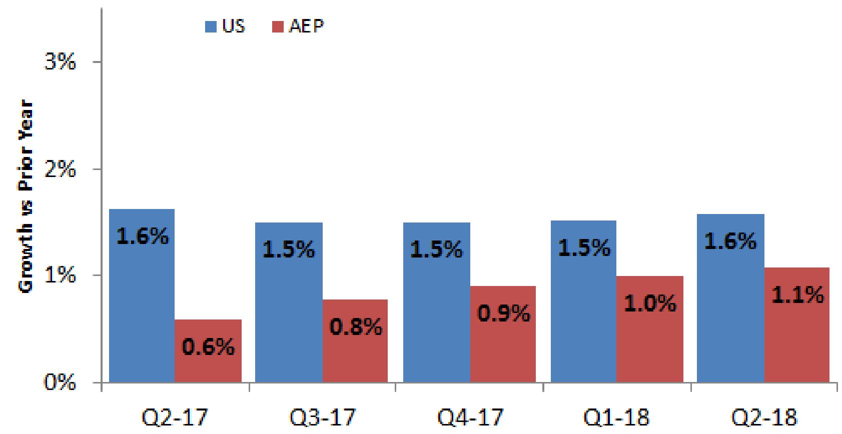
* Estimate based on forecast provided at 2017 EEI Financial Conference and amended to reflect 2017 results.

Economic Data – AEP Service Territory

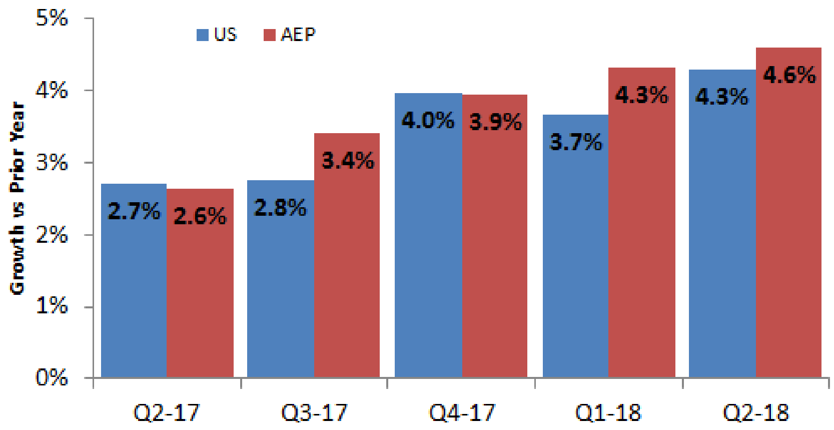
GDP Growth by Quarter



Employment Growth by Quarter

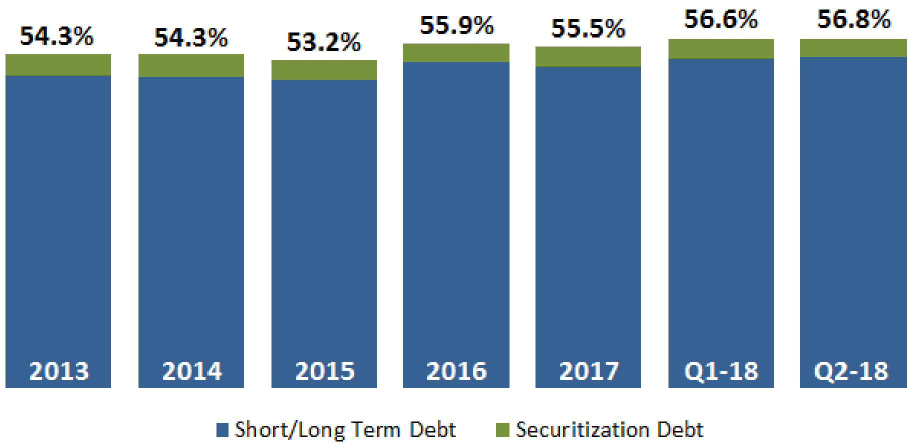


Personal Income Growth by Quarter

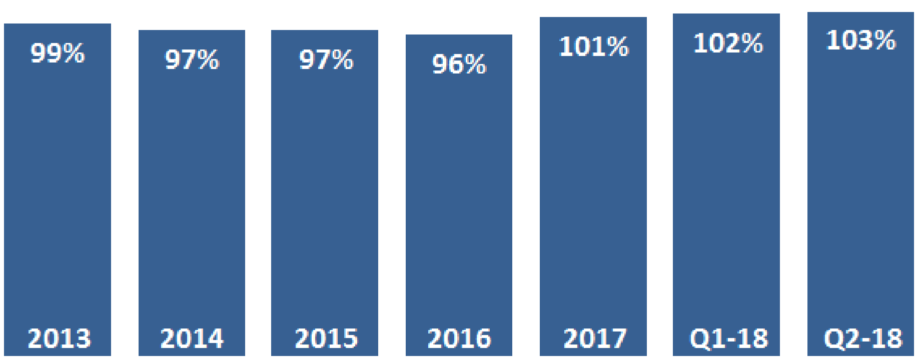


Capitalization and Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual	Target
FFO to Total Debt	19.3%	Mid Teens

Represents the trailing 12 months as of 6/30/2018
See Appendix for reconciliation to GAAP

Liquidity Summary

(unaudited)	6/30/2018 Actual	
($ in millions)	Amount	Maturity
Revolving Credit Facility	$3,000	Jun-21
Plus		
Cash and Cash Equivalents	211	
Less		
Commercial Paper Outstanding	(1,814)	
Letters of Credit Issued	-	
Net Available Liquidity	**$1,397**	

Strong balance sheet, credit metrics and liquidity

AEP Consolidated Cash Flows and Financial Metrics

$ in millions	2018E	2019E	2020E	2021E
Cash from Operations	$ 4,400	$ 4,400	$ 4,800	$ 5,200
Capital & JV Equity Contributions	(6,000)	(6,200)	(5,500)	(6,300)
Other Investing Activities	(200)	(100)	(200)	(100)
Common Dividends	(1,200)	(1,200)	(1,200)	(1,300)
Excess (Required) Capital	(3,000)	(3,100)	(2,100)	(2,500)
Financing	**2018E**	**2019E**	**2020E**	**2021E**
Excess (Required) Capital	(3,000)	(3,100)	(2,100)	(2,500)
Debt Maturities (Senior Notes, PCRBs)	(1,500)	(2,000)	(400)	(1,500)
Securitization Amortizations	(300)	(300)	(200)	(100)
Equity Issuances - Includes DRP/401(k)	100	100	500	500
Debt Capital Market Needs (New)	(4,700)	(5,300)	(2,200)	(3,600)
Financial Metrics	**2018E**	**2019E**	**2020E**	**2021E**
Debt to Capitalization (GAAP)	Less than 60%			
FFO/Total Debt (Moody's)	Mid Teens			

Updated 07/25/18 and does not include Wind Catcher. Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.

Anticipated cash flows maintain credit ratings

Summary

- Obtain clarity on Wind Catcher

- Work with state regulatory commissions to address the appropriate mechanism to provide the benefits of tax reform to customers

- Continue strong base plan to support 5-7% growth rate

- Reaffirm 2018 operating earnings guidance range of $3.75-$3.95

Appendix

2nd Quarter Reconciliation of GAAP to Operating Earnings

	$ millions			Earnings Per Share		
	Q2-17	Q2-18	Change	Q2-17	Q2-18	Change
Reported GAAP Earnings	$375	$528	$153	$0.76	$1.07	$0.31
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities[1]	-	(12)	(12)	-	(0.02)	(0.02)
Gain from Competitive Generation Asset Sale[1]	(2)	-	2	-	-	-
Impairment of Certain Merchant Generation Assets[1]	(3)	-	3	(0.01)	-	0.01
Change in Kentucky State Tax Law[2]	-	(18)	(18)	-	(0.04)	(0.04)
AEP Operating Earnings	$370	$498	$128	$0.75	$1.01	$0.26

[1] Items recorded in Generation & Marketing segment
[2] Items recorded in Corporate and Other segment

Weighted average no. of shares outstanding: 492M Q2-17 and 493M Q2-18

YTD Reconciliation of GAAP to Operating Earnings

	$ millions			Earnings Per Share		
	YTD-17	YTD-18	Change	YTD-17	YTD-18	Change
Reported GAAP Earnings	$967	$983	$16	$1.97	$2.00	$0.03
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities[1]	3	7	4	-	0.01	0.01
Gain from Competitive Generation Asset Sale[1]	(129)	-	129	(0.26)	-	0.26
Impairment of Certain Merchant Generation Assets[1]	4	-	(4)	0.01	-	(0.01)
Change in Kentucky State Tax Law[2]	-	(18)	(18)	-	(0.04)	(0.04)
AEP Operating Earnings	$845	$972	$127	$1.72	$1.97	$0.25

[1] Items recorded in Generation & Marketing segment
[2] Items recorded in Corporate and Other segment

Weighted average no. of shares outstanding: 492M YTD-17 and 492M YTD-18

Vertically Integrated Utilities

2nd Quarter Summary

	Q2-17	Q2-18
$ millions (except EPS)		
Operating Revenues	$2,120	$2,349
Operating Expenses:		
Energy Costs	(712)	(808)
Operations and Maintenance	(717)	(704)
Depreciation and Amortization	(278)	(313)
Taxes Other Than Income Taxes	(99)	(108)
Operating Income	314	416
Net Interest/AFUDC	(124)	(129)
Non-Service Benefit Cost	6	18
Income Taxes	(68)	(28)
Other	(7)	-
Operating and GAAP Earnings	$121	$277
EPS from Operating Earnings	$0.25	$0.56

Key Drivers: Q2-18 vs. Q2-17

- ✓ Weather: $89M favorable vs. prior year; $74M favorable vs. normal
- ✓ Rate Changes: $86M favorable primarily from rate increases at I&M, KPCo, PSO and SWEPCO
- ✓ Normal Load: $11M favorable vs. prior year primarily due to higher residential and industrial sales
- ✓ Wholesale Load: $9M unfavorable vs. prior year primarily due to reduced wholesale customers at I&M and SWEPCO
- ✓ Transmission Revenue: $23M favorable vs. prior year primarily due to a true-up and the impact of the FERC 206 settlement
- ✓ Depreciation: $16M unfavorable vs. prior year primarily due to higher depreciable property balances
- ✓ Income Taxes: effective tax rate of 9.2% Q2-18 vs. 37.3% Q2-17

Vertically Integrated Utilities

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$4,411	$4,757
Operating Expenses:		
Energy Costs	(1,500)	(1,666)
Operations and Maintenance	(1,377)	(1,444)
Depreciation and Amortization	(556)	(626)
Taxes Other Than Income Taxes	(201)	(218)
Operating Income	777	803
Net Interest/AFUDC	(245)	(254)
Non-Service Benefit Cost	11	36
Income Taxes	(196)	(76)
Other	(7)	(1)
Operating and GAAP Earnings	$340	$508
EPS from Operating Earnings	$0.69	$1.03

Key Drivers: YTD-18 vs. YTD-17

- ✓ Weather: $179M favorable vs. prior year; $84M favorable vs. normal
- ✓ Rate Changes: $107M favorable primarily from rate increases at I&M, KPCo, PSO and SWEPCO
- ✓ Normal Load: $29M favorable vs. prior year primarily due to higher residential and industrial sales
- ✓ Wholesale Load: $26M unfavorable vs. prior year primarily due to reduced wholesale customers at I&M and SWEPCO
- ✓ Transmission Revenue: $28M favorable vs. prior year primarily due to a true-up and the impact of the FERC 206 settlement
- ✓ O&M: $53M unfavorable (net of offsets) vs. prior year primarily due to increased plant maintenance and Wind Catcher expenses
- ✓ Depreciation: $34M unfavorable vs. prior year primarily due to higher depreciable property balances
- ✓ Income Taxes: effective tax rate of 12.9% YTD-18 vs. 36.9% YTD-17

Transmission and Distribution Utilities

2nd Quarter Summary

	Q2-17	Q2-18
$ millions (except EPS)		
Operating Revenues	$1,054	$1,137
Operating Expenses:		
Energy Costs	(187)	(197)
Amortization of Generation Deferrals	(53)	(56)
Operations and Maintenance	(296)	(379)
Depreciation and Amortization	(164)	(184)
Taxes Other Than Income Taxes	(127)	(133)
Operating Income	227	188
Net Interest/AFUDC	(59)	(54)
Non-Service Benefit Cost	2	8
Income Taxes	(59)	(28)
Operating and GAAP Earnings	$111	$114
EPS from Operating Earnings	$0.23	$0.23

Key Drivers: Q2-18 vs. Q2-17

- ✓ Rate Changes: $8M favorable primarily from the Texas Distribution Cost Recovery Factor
- ✓ Normal Load: $4M unfavorable vs. prior year primarily due to unfavorable price variances, partially offset by increased residential sales
- ✓ O&M: $41M favorable (net of offsets) vs. prior year primarily due to decreased transmission services
- ✓ Depreciation: $12M unfavorable vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: effective tax rate of 19.5% Q2-18 vs. 34.7% Q2-17

Transmission and Distribution Utilities

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$2,140	$2,299
Operating Expenses:		
Energy Costs	(410)	(441)
Amortization of Generation Deferrals	(114)	(115)
Operations and Maintenance	(584)	(732)
Depreciation and Amortization	(320)	(357)
Taxes Other Than Income Taxes	(254)	(270)
Operating Income	458	384
Net Interest/AFUDC	(110)	(104)
Non-Service Benefit Cost	5	16
Income Taxes	(123)	(57)
Operating and GAAP Earnings	$230	$239
EPS from Operating Earnings	$0.47	$0.49

Key Drivers: YTD-18 vs. YTD-17

- ✓ Weather: $11M favorable vs. prior year; $12M favorable vs. normal
- ✓ Rate Changes: $14M favorable primarily from the Texas Distribution Cost Recovery Factor
- ✓ Normal Load: $13M favorable vs. prior year primarily due to increased residential sales
- ✓ O&M: $32M favorable (net of offsets) vs. prior year primarily due to decreased transmission services
- ✓ Depreciation: $19M unfavorable vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: effective tax rate of 19.2% YTD-18 vs. 34.8% YTD-17

AEP Transmission Holdco

2nd Quarter Summary

	Q2-17	Q2-18
$ millions (except EPS)		
Operating Revenues	$247	$213
Operating Expenses:		
Operations and Maintenance	(17)	(23)
Depreciation and Amortization	(24)	(34)
Taxes Other Than Income Taxes	(28)	(38)
Operating Income	178	118
Net Interest/AFUDC	(4)	(5)
Income Taxes	(67)	(28)
Equity Earnings	22	17
Other	(1)	(1)
Operating and GAAP Earnings	$128	$101
EPS from Operating Earnings	$0.26	$0.21

Key Drivers: Q2-18 vs. Q2-17

- ✓ $60M unfavorable Operating Income vs. prior year primarily due to the annual true-up in 2017, partially offset by increased revenues and expenses driven by increased capital investment in the wholly owned Transcos

AEP Transmission Holdco

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$403	$418
Operating Expenses:		
Operations and Maintenance	(31)	(45)
Depreciation and Amortization	(49)	(66)
Taxes Other Than Income Taxes	(56)	(70)
Operating Income	267	237
Net Interest/AFUDC	(10)	(10)
Non-Service Benefit Cost	-	1
Income Taxes	(103)	(56)
Equity Earnings	48	35
Other	(2)	(2)
Operating and GAAP Earnings	$200	$205
EPS from Operating Earnings	$0.41	$0.42

Key Drivers: YTD-18 vs. YTD-17

- ✓ $30M unfavorable Operating Income vs. prior year primarily due to the annual true-up in the second quarter of 2017, partially offset by increased revenues and expenses driven by increased capital investment in the wholly owned Transcos

Generation & Marketing

2nd Quarter Summary

	Q2-17	Q2-18
$ millions (except EPS)		
Operating Revenues	$412	$445
Operating Expenses:		
Energy Costs	(303)	(354)
Operations and Maintenance	(70)	(57)
Depreciation and Amortization	(6)	(8)
Taxes Other Than Income Taxes	(4)	(3)
Operating Income	29	23
Net Interest/AFUDC	(1)	-
Non-Service Benefit Cost	2	4
Income Taxes	(8)	(1)
Other	-	1
Operating Earnings	22	27
Proforma Adjustments, Net of Tax	4	12
GAAP Earnings	$26	$39
EPS from Operating Earnings	$0.04	$0.05

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

Key Drivers: Q2-18 vs. Q2-17

- ✓ AEP Dayton ATC liquidations up 19%: $33.77/MWh in Q2-18 vs. $28.50/MWh in Q2-17
- ✓ Income Taxes: effective tax rate of 3.8% Q2-18 vs. 27.1% Q2-17

Generation & Marketing

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$1,006	$974
Operating Expenses:		
Energy Costs	(708)	(763)
Operations and Maintenance	(159)	(124)
Depreciation and Amortization	(11)	(14)
Taxes Other Than Income Taxes	(6)	(7)
Operating Income	122	66
Net Interest/AFUDC	(5)	(2)
Non-Service Benefit Cost	4	8
Income Taxes	(31)	(9)
Other	-	1
Operating Earnings	90	64
Proforma Adjustments, Net of Tax	123	(7)
GAAP Earnings	$213	$57
EPS from Operating Earnings	$0.18	$0.13

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

Key Drivers: YTD-18 vs. YTD-17

- ✓ Generation decreased 2,663 GWh (38%) YTD-18 vs. YTD-17 primarily due to sale of plants in January 2017
- ✓ AEP Dayton ATC liquidations up 24%: $35.54/MWh YTD-18 vs. $28.62/MWh YTD-17
- ✓ Income Taxes: effective tax rate of 12.5% YTD-18 vs. 25.4% YTD-17

2nd Quarter Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (in millions)
	Q2-18 vs. Q2-17
APCo/WPCo	$1
I&M	$52
KPCo	$4
PSO	$13
SWEPCO	$16
Kingsport	-
TOTAL	$86
Impact on EPS	$0.12

Transmission and Distribution Utilities

	Rate Changes, net of offsets (in millions)
	Q2-18 vs. Q2-17
AEP Ohio	$2
AEP Texas	$6
TOTAL	$8
Impact on EPS	$0.01

YTD Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (in millions)
	YTD-18 vs. YTD-17
APCo/WPCo	$1
I&M	$52
KPCo	$9
PSO	$11
SWEPCO	$34
Kingsport	-
TOTAL	$107
Impact on EPS	$0.14

Transmission and Distribution Utilities

	Rate Changes, net of offsets (in millions)
	YTD-18 vs. YTD-17
AEP Ohio	$2
AEP Texas	$12
TOTAL	$14
Impact on EPS	$0.02

2nd Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load[1] (weather normalized) Q2-18 vs. Q2-17
APCo/WPCo	2.8%
I&M	2.8%
KPCo	0.6%
PSO	0.4%
SWEPCO	1.8%
Kingsport	2.6%
TOTAL	2.0%
Impact on EPS[2]	↑ $0.02

Transmission and Distribution Utilities

	Retail Load[1] (weather normalized) Q2-18 vs. Q2-17
AEP Ohio	2.1%
AEP Texas	1.8%
TOTAL	2.0%
Impact on EPS[2]	↓ $0.01

[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-18 vs. YTD-17
APCo/WPCo	2.5%
I&M	1.1%
KPCo	(0.2%)
PSO	1.2%
SWEPCO	2.3%
Kingsport	1.8%
TOTAL	1.7%
Impact on EPS[2]	$0.04

Transmission and Distribution Utilities

	Retail Load[1] (weather normalized)
	YTD-18 vs. YTD-17
AEP Ohio	1.4%
AEP Texas	2.2%
TOTAL	1.7%
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

2nd Quarter Weather Impact

Vertically Integrated Utilities

	Weather Impact (in millions)	
	Q2-18 vs. Q2-17	Q2-18 vs. Normal
APCo/WPCo	$26	$22
I&M	$16	$14
KPCo	$6	$6
PSO	$20	$19
SWEPCO	$21	$13
Kingsport	-	-
TOTAL	$89	$74
Impact on EPS	$0.12	$0.12

Transmission and Distribution Utilities

	Weather Impact (in millions)	
	Q2-18 vs. Q2-17	Q2-18 vs. Normal
AEP Ohio	-	-
AEP Texas	$2	$4
TOTAL	$2	$4
Impact on EPS	-	$0.01

YTD Weather Impact

Vertically Integrated Utilities

	Weather Impact (in millions)	
	YTD-18 vs. YTD-17	YTD-18 vs. Normal
APCo/WPCo	$75	$31
I&M	$30	$14
KPCo	$16	$6
PSO	$24	$18
SWEPCO	$34	$15
Kingsport	-	-
TOTAL	$179	$84
Impact on EPS	$0.24	$0.13

Transmission and Distribution Utilities

	Weather Impact (in millions)	
	YTD-18 vs. YTD-17	YTD-18 vs. Normal
AEP Ohio	-	-
AEP Texas	$11	$12
TOTAL	$11	$12
Impact on EPS	$0.01	$0.02

Wind Catcher Procedural Schedules

- 2,000 MW wind farm and dedicated ~350-mile 765kV gen-tie line
- ~$4.5B: $2.9B wind; $1.6B gen-tie
- SWEPCO (70%) and PSO (30%)
- Target Completion: Q4 2020
- Total Customer Savings net of costs (over 25-years): $6.5B (including PTC); $1.8B over first 10-years

PSO – Oklahoma

ALJ Report Filed	02/12/2018
Exceptions Filed	02/23/2018
Response to Exceptions	02/28/2018
Settlement with Walmart Filed	03/09/2018
Settlement with OIEC and Walmart Filed	04/24/2018
Amended Settlement Agreements – Added Four Supportive Parties	05/30/2018
Hearing on Settlement Agreements	07/02/2018
Next Step: Awaiting Commission Order	

SWEPCO – Texas

ALJ Report Filed	05/18/2018
Exceptions Filed	06/12/2018
Response to Exceptions	06/25/2018
Oral Arguments	07/12/2018
Commission Open Meeting	07/26/2018

SWEPCO – Arkansas

Settlement Agreement Filed	02/20/2018
Settlement Hearing	03/01/2018
Commission Order	05/08/2018

SWEPCO – Louisiana

Settlement Agreement Filed	04/20/2018
Settlement Hearing	04/30/2018
Commission Order	06/25/2018

FERC filing with respect to wholesale customers Q1 2018
Anticipate FERC decision Q3 2018

Recent Base Rate Case Orders and Settlements

I&M – Indiana

Gross Revenue Increase:	$182M
Less Tax Reform:	$85M
Net Revenue Increase:	$97M
Approved ROE:	9.95%
Settlement Agreement Filed:	02/14/2018
Commission Order:	05/30/2018
Effective Date:	07/01/2018

I&M – Michigan[2]

Revenue Increase:	$50M
Approved ROE:	9.9%
Effective Date:	04/26/2018

KPCo – Kentucky[1]

Gross Revenue Increase:	$30M
Less Tax Reform:	$14M
Net Revenue Increase:	$16M
Approved ROE:	9.7%
Effective Date:	01/19/2018

PSO – Oklahoma[1]

Gross Revenue Increase:	$108M
Less Tax Reform:	$32M
Net Revenue Increase:	$76M
Approved ROE:	9.3%
Effective Date:	First Billing Cycle of March 2018

SWEPCO – Texas[2]

Revenue Increase:	$50M
Approved ROE:	9.6%
Effective Date:	Retroactive to 05/20/2017

APCo – West Virginia

Base Rate Case Filing Date:	05/09/2018
Requested Rate Base:	$4.1B
Requested ROE:	10.22%
Cap Structure:	49.84%D / 50.16%E
Gross Revenue Increase:	$114.6M
(Less $9.7M Excess ADIT; $32.1M Depreciation)	
Net Revenue Increase:	$72.8M
Test Year:	12/31/2017

[1] Revenue increases include riders/offsets of $4 million and $24 million for KPCo and PSO, respectively

[2] Tax reform is not included in the recent I&M-Michigan or SWEPCO-Texas base rate cases but will be addressed in separate filings

AEP and Tax Reform Summary

Regulatory Actions

All jurisdictions have opened dockets to defer savings as a regulatory liability and address tax benefit impacts

Options for tax benefits:

- ✓ Decrease rates
- ✓ Increase amortization of regulatory assets
- ✓ Accelerate depreciation
- ✓ Offset other rate increases

Change in Tax Rate from 35% to 21%

- Indiana, Kentucky, Oklahoma, Texas, Virginia and East FERC Transmission have recent rate orders/settlements passing savings to customers
- All other jurisdictions are working with regulators to address savings in future rate proceedings using various strategies noted above

Unprotected Excess ADFIT

- Indiana, Kentucky and East FERC Transmission have recent orders/settlements resolving unprotected portion of excess
- All other jurisdictions are working with regulators to address savings in future rate proceedings using various strategies noted above

Normalized portion of excess ADFIT refunded over life of property, over average life of 25 years (40 years for transmission)

Other Tax Implications

- Interest on parent debt expected to be tax deductible
- No significant NOL going into 2018
- Generation & Marketing flows to bottom line, but minor

Recap of Excess Deferred Taxes

As of June 30, 2018 ($ in billions)	21% Tax Rate
Total Regulated Deferred FIT	$11.1
Total Excess Regulated Deferred FIT	$4.4
Normalized Portion of Excess DFIT (to be refunded over life of property)	($3.4)
Unprotected Portion of Excess	$1.0

As of June 30, 2018 By Operating Company	Percentage of $1 Billion Unprotected Excess DFIT
AEP Ohio	19%
AEP Texas	9%
APCo/WPCo	34%
I&M[1]	**16%**
KPCo[1]	**10%**
PSO	7%
SWEPCO	5%
TOTAL	100%

[1] Orders received for Indiana's portion of I&M and Kentucky

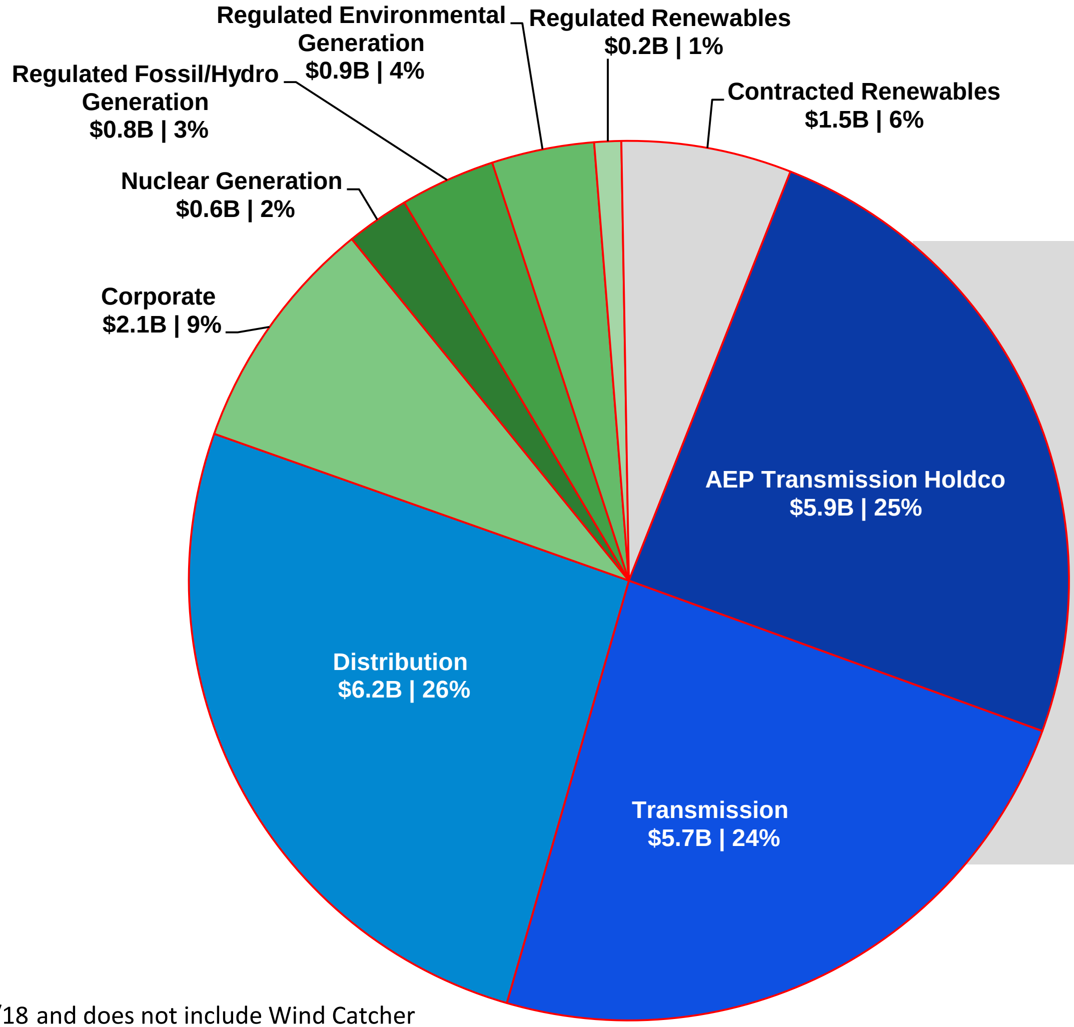
AEP and Tax Reform by Jurisdiction

Jurisdiction[1]	Change in Tax Rate	Excess Unprotected ADFIT[2]
AEP Ohio	Case pending	Case pending
AEP Texas-Distribution	Case pending	Case pending
AEP Texas-Transmission	✓ Order to pass on savings	Address in later filing
APCo-Virginia	✓ Legislation enacted to pass on savings	Address in later filing
APCo-West Virginia	Case pending	Case pending
I&M-Indiana	✓ Order to pass on savings	✓ Order to offset change in depreciation of Rockport Unit 1
I&M-Michigan	Case pending	Address in later filing
Kingsport	Case pending	Case pending
KPCo	✓ Order to pass on savings	✓ Order to amortize over 18 years
PSO	✓ Order to pass on savings	Case pending
SWEPCO-Arkansas	Case pending	Case pending
SWEPCO-Louisiana	Case pending	Address in later filing
SWEPCO-Texas	✓ Order to pass on savings	Address in later filing
East FERC Transmission	✓ Settlement to pass on savings	✓ Settlement to amortize over 10 years
West FERC Transmission	Address in later filing	Address in later filing

[1] All jurisdictions have opened dockets to defer savings as a regulatory liability and address tax benefit impacts
[2] Normalized portion of excess ADFIT refunded over life of property, over average life of 25 years (40 years for transmission)

AEP Consolidated Capital Forecast

$24B Cap-ex: 2018 - 2021



100%

of capital allocated to regulated businesses and contracted renewables

75%

allocated to wires

Updated 07/25/18 and does not include Wind Catcher

GAAP to Non-GAAP Reconciliations and Ratios

Adjusted FFO Calculation

	12 Months Ended 6/30/18
	$ millions
Cash Flow From Operations	$4,580
Adjustments:	
Changes in Working Capital	308
Capitalized Interest	(64)
Securitization Amortization	(306)
Lease Payments	173
Adjusted Funds from Operations (FFO)	$4,691

Adjusted Total Debt Calculation

	As of 6/30/18
	$ millions
GAAP Total Debt (incl. current maturities)	$24,621
Less:	
Securitization Bonds	(1,265)
Spent Nuclear Fuel Trust	(271)
Add:	
Capital Lease Obligations	299
Pension	42
Off-balance Sheet Leases	928
Adjusted Total Debt (Non-GAAP)	$24,354

FFO to Total Debt Ratio

$$\frac{\textbf{Adjusted Funds from Operations (FFO)}}{\textbf{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4,691}{\$24,354} = 19.3\%$$