AMERICAN ELECTRIC POWER

BOUNDLESS ENERGY℠

4th Quarter 2018
EARNINGS RELEASE PRESENTATION

January 24, 2019

“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: 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, 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, 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 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 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, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

Investor Relations Contacts

Bette Jo Rozsa	**Darcy Reese**
Managing Director	Director
Investor Relations	Investor Relations
614-716-2840	614-716-2614
bjrozsa@aep.com	dlreese@aep.com

Non-GAAP Financial Measures

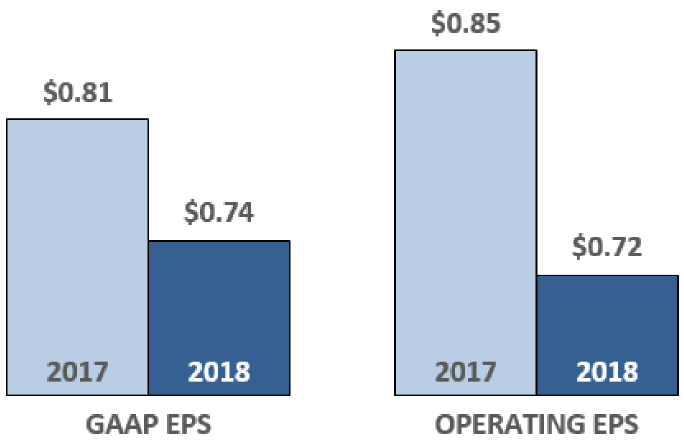
AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO to Total Debt. Operating earnings (non-GAAP) excludes certain gains and losses and other specified items, including mark-to-market adjustments from commodity hedging activities and other items as set forth in the reconciliation in the Appendix. FFO to Total Debt is adjusted for the effects of securitization, spent nuclear fuel trust, capital and operating leases, pension, capitalized interest and changes in working capital. Operating earnings could differ from GAAP earnings for matters such as impairments, divestitures, or changes in accounting principles. AEP management is not able to forecast if any of these items will occur or any amounts that may be reported for future periods. Therefore, AEP is not able to provide a corresponding GAAP equivalent for earnings guidance.

This information is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of AEP's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods.

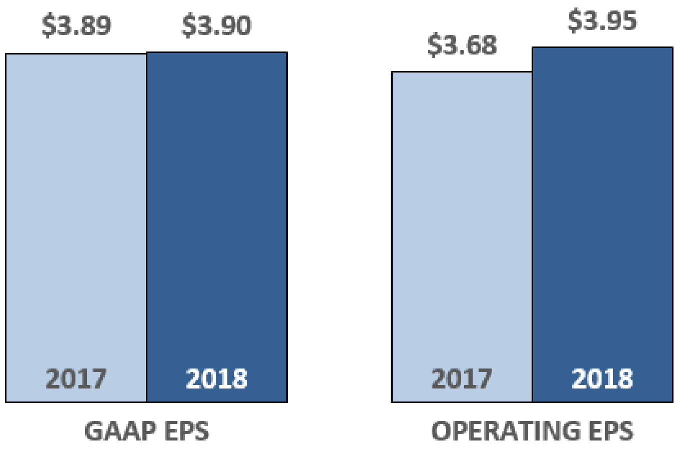
These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. AEP has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These non-GAAP measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided in the materials presented. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are provided in the appendices and supplemental schedules to this presentation.

4th Quarter 2018 Highlights

4th Quarter 2018

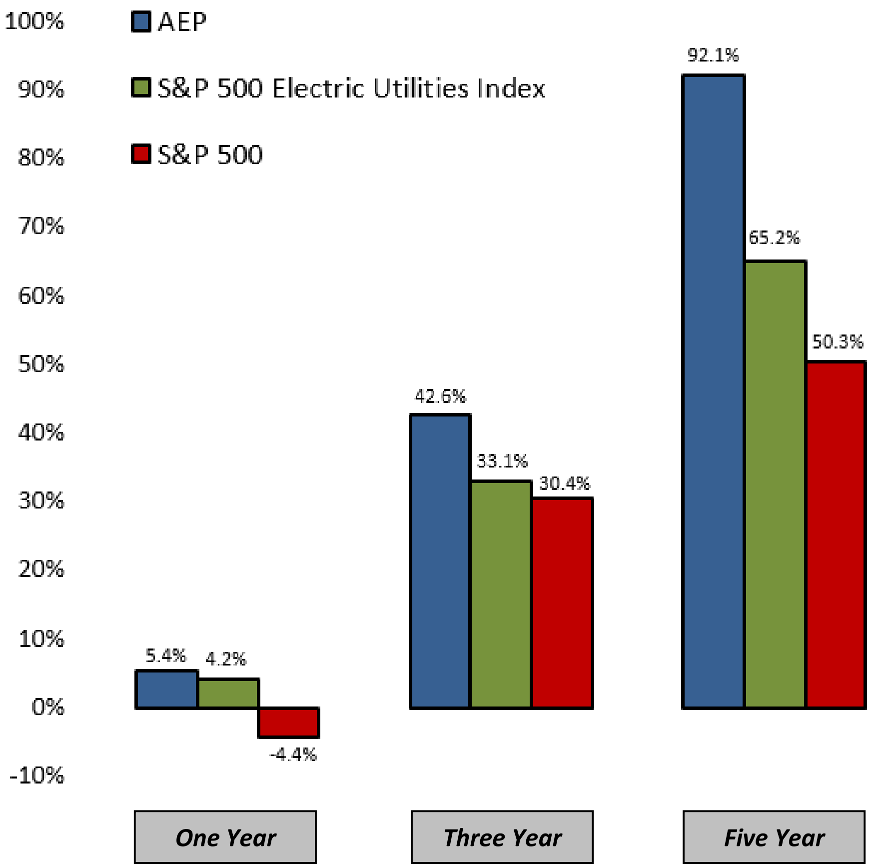


YTD 2018



Refer to Appendix for reconciliation between GAAP and Operating EPS

Total Shareholder Return



2018 Highlights & 2019 Focus

2018 Highlights

Financial Performance

- ✓ Delivered GAAP earnings of $0.74 per share for Q4 2018 and $3.90 per share for 2018
- ✓ Delivered operating earnings of $0.72 per share for Q4 2018 and $3.95 per share for 2018
- ✓ Achieved regulated operating ROE of 9.7% for the year
- ✓ Increased quarterly dividend by 8.1%

Regulatory and Strategic Initiatives

- ✓ Finalized base rate cases in Indiana, Michigan, Kentucky, Oklahoma and Texas
- ✓ Base rate case filings made in West Virginia and Oklahoma
- ✓ Evaluated impact of tax reform and worked with state regulatory commissions to address the appropriate mechanisms to provide the benefits of tax reform to customers

2019 Focus

Financial Performance

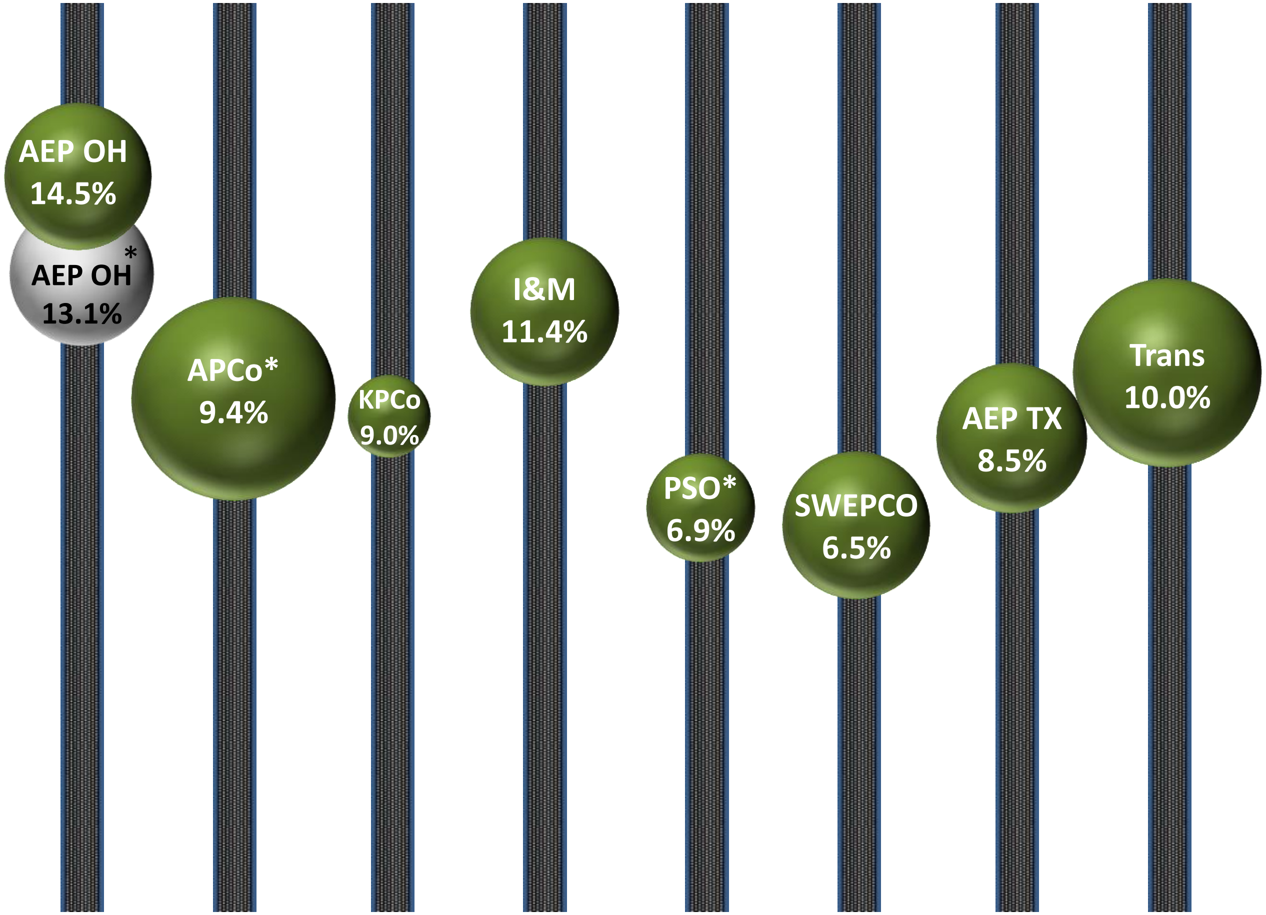
- ☐ Deliver operating earnings within the guidance range of $4.00-$4.20 per share
- ☐ Continue to focus on disciplined capital allocation, investing $6.5 billion in cap-ex, substantially in regulated entities with particular emphasis on wires
- ☐ Deliver 5%-7% operating earnings growth rate

Regulatory and Strategic Initiatives

- ☐ Issue/evaluate requests for proposals and file for necessary state regulatory approvals in order to move forward with renewables opportunities
- ☐ Finalize base rate cases in West Virginia and Oklahoma with positive results and initiate rate cases in Arkansas and Texas
- ☐ Bend down the O&M curve, creating headroom to focus on more value added activities for customers

Regulated Returns

Twelve Months Ended 12/31/2018 Earned ROE's (non-GAAP operating earnings, not weather normalized)

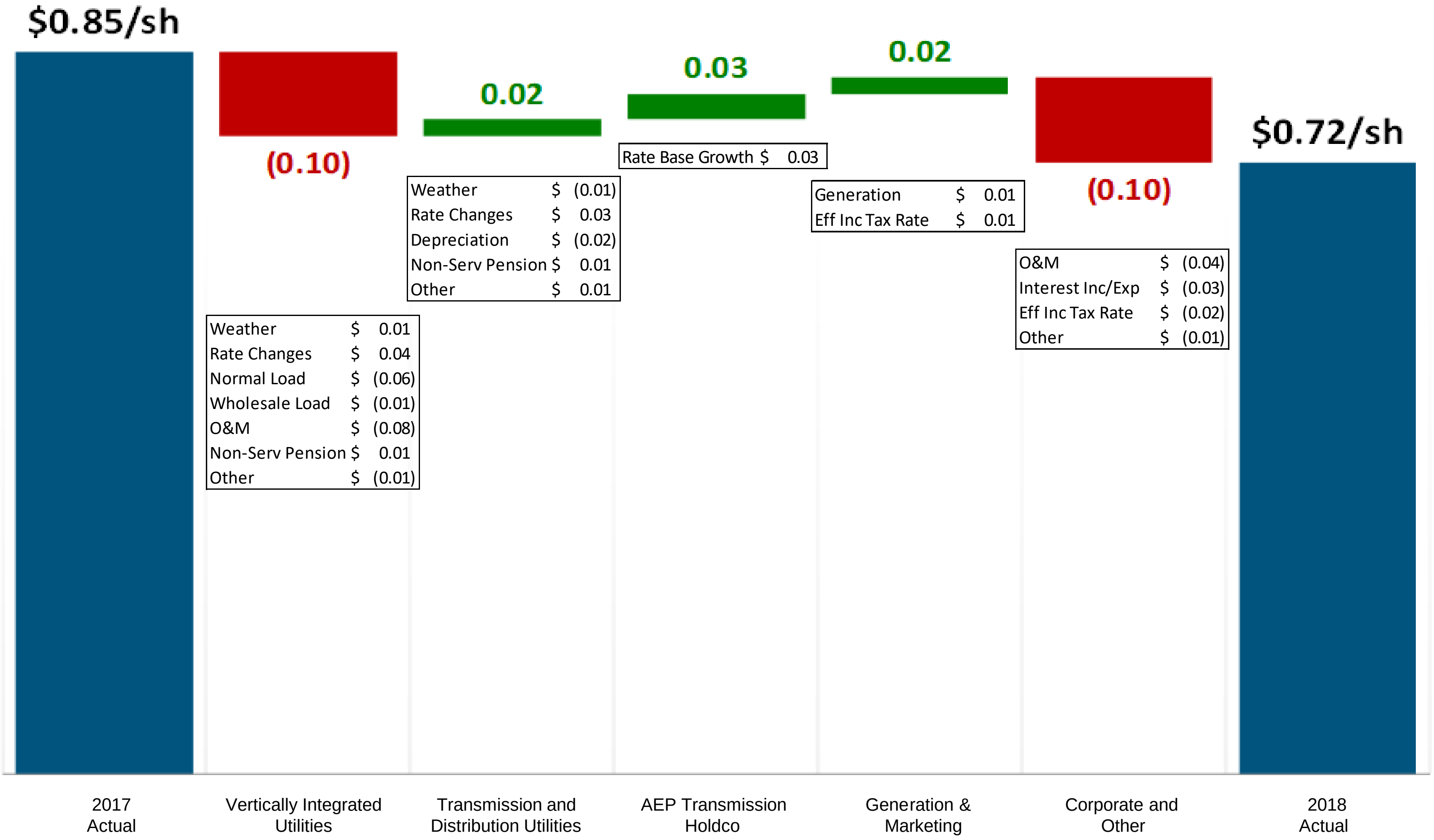


Regulated Operations ROE of 9.7%
as of December 31, 2018

***AEP Ohio adjusted for SEET items. Base rate cases pending at other operating companies.**

Sphere size based on each company's relative equity balance

4th Quarter Operating Earnings Segment Detail



Vertically Integrated Utilities:

Weather	$	0.01
Rate Changes	$	0.04
Normal Load	$	(0.06)
Wholesale Load	$	(0.01)
O&M	$	(0.08)
Non-Serv Pension	$	0.01
Other	$	(0.01)

Transmission and Distribution Utilities:

Weather	$	(0.01)
Rate Changes	$	0.03
Depreciation	$	(0.02)
Non-Serv Pension	$	0.01
Other	$	0.01

AEP Transmission Holdco:

Rate Base Growth	$	0.03

Generation & Marketing:

Generation	$	0.01
Eff Inc Tax Rate	$	0.01

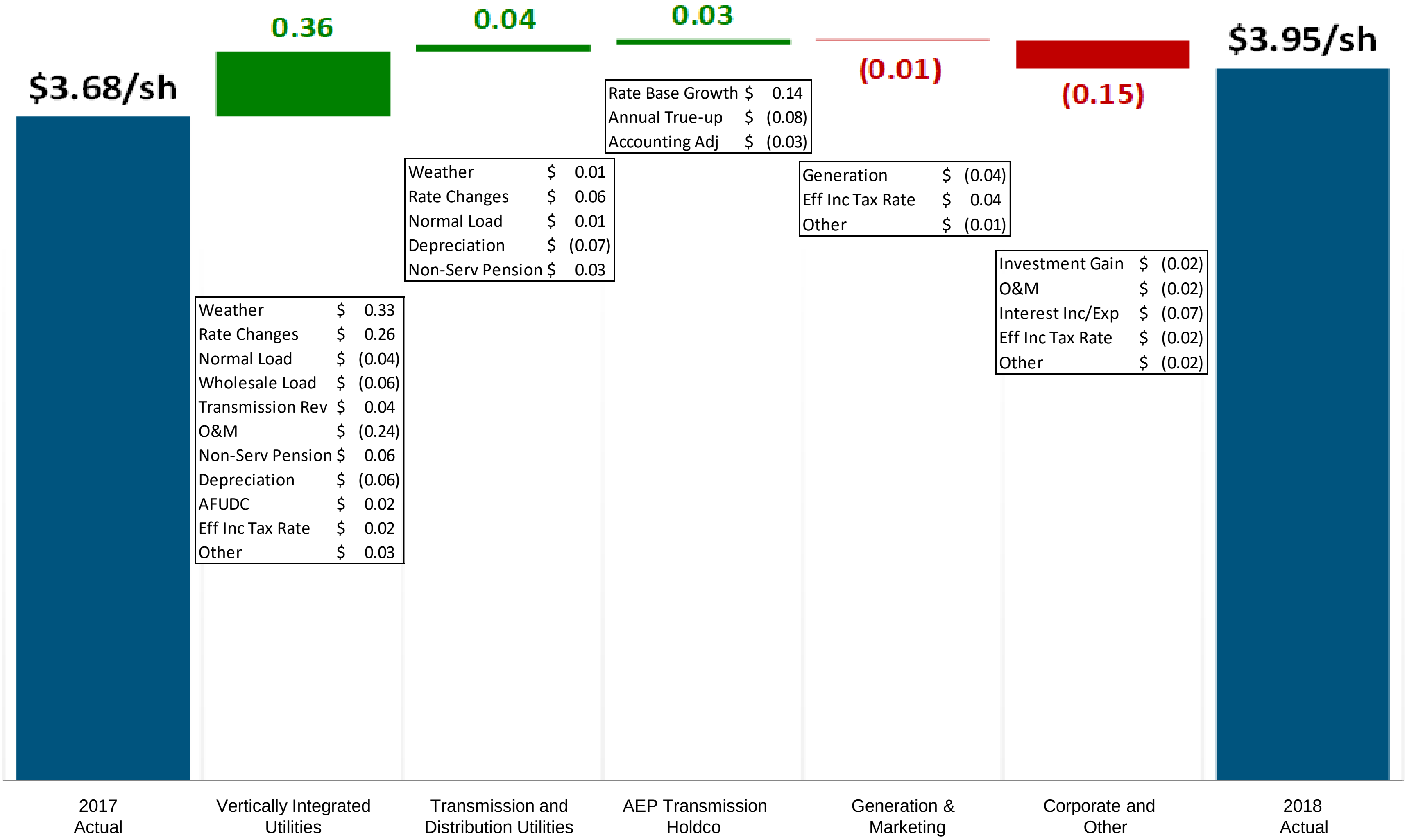
Corporate and Other:

O&M	$	(0.04)
Interest Inc/Exp	$	(0.03)
Eff Inc Tax Rate	$	(0.02)
Other	$	(0.01)

2018 Actual EPS	**$0.26**	**$0.27**	**$0.19**	**$0.07**	**($0.07)**	**$0.72**

Refer to Appendix for additional explanation of variances by segment

YTD Operating Earnings Segment Detail



Weather	$	0.33
Rate Changes	$	0.26
Normal Load	$	(0.04)
Wholesale Load	$	(0.06)
Transmission Rev	$	0.04
O&M	$	(0.24)
Non-Serv Pension	$	0.06
Depreciation	$	(0.06)
AFUDC	$	0.02
Eff Inc Tax Rate	$	0.02
Other	$	0.03

Weather	$	0.01
Rate Changes	$	0.06
Normal Load	$	0.01
Depreciation	$	(0.07)
Non-Serv Pension	$	0.03

Rate Base Growth	$	0.14
Annual True-up	$	(0.08)
Accounting Adj	$	(0.03)

Generation	$	(0.04)
Eff Inc Tax Rate	$	0.04
Other	$	(0.01)

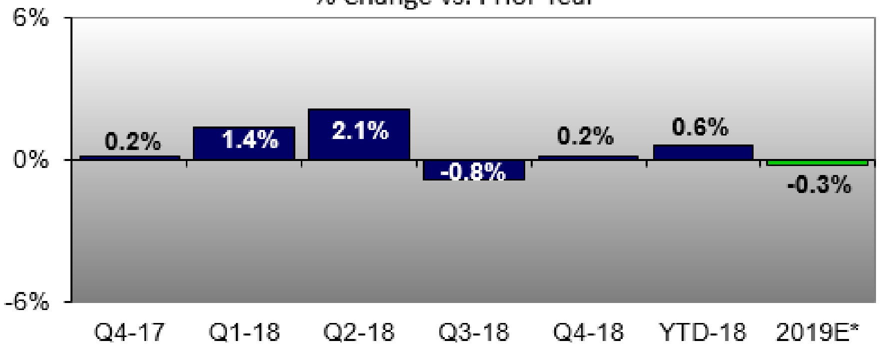
Investment Gain	$	(0.02)
O&M	$	(0.02)
Interest Inc/Exp	$	(0.07)
Eff Inc Tax Rate	$	(0.02)
Other	$	(0.02)

2018 Actual EPS	**$2.00**	**$1.05**	**$0.75**	**$0.29**	**($0.14)**	**$3.95**

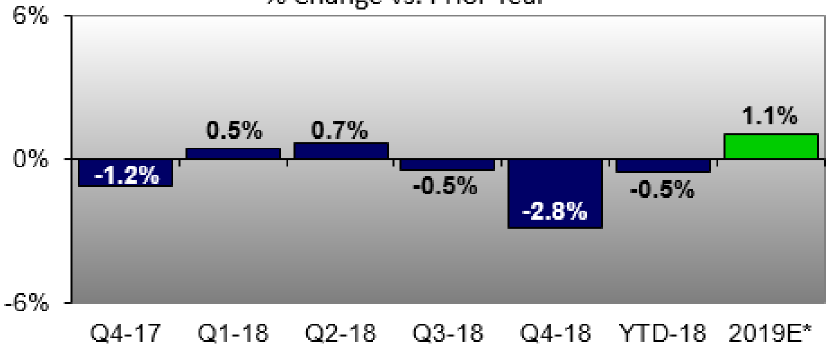
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends

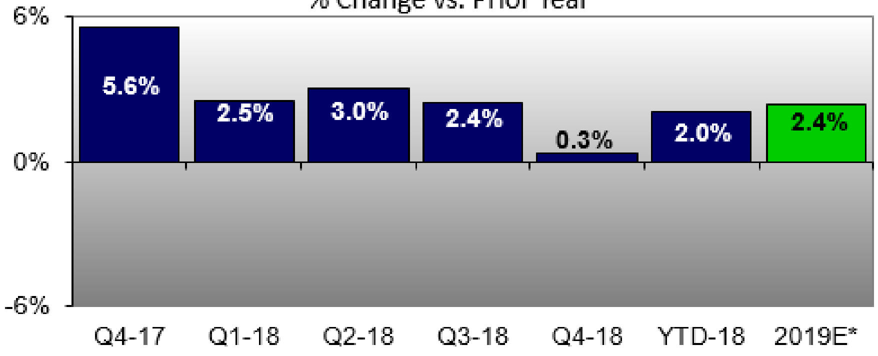
AEP Residential Normalized GWh Sales
% Change vs. Prior Year



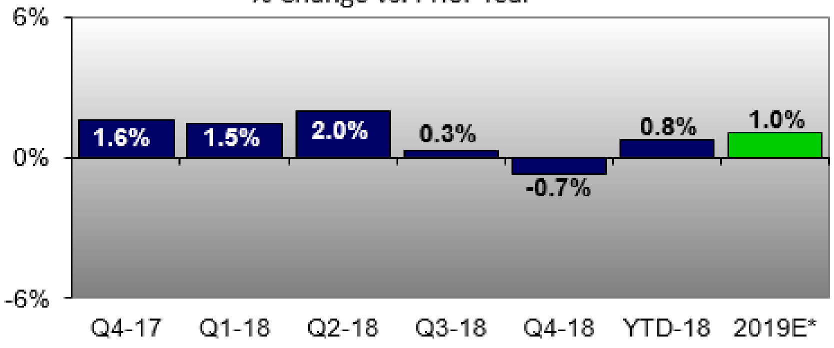
AEP Commercial Normalized GWh Sales
% Change vs. Prior Year



AEP Industrial GWh Sales
% Change vs. Prior Year



AEP Total Normalized GWh Sales
% Change vs. Prior Year

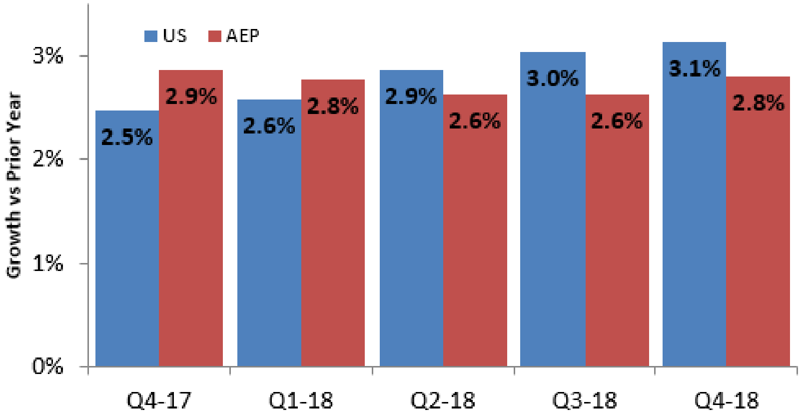


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

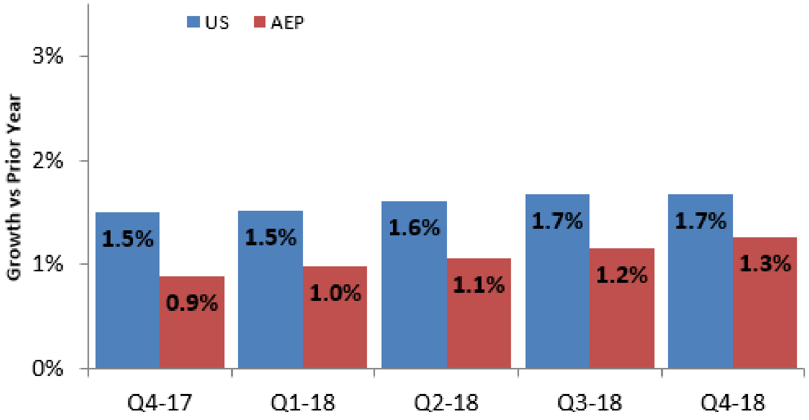
* Estimate based on forecast provided at 2018 EEI Financial Conference and amended to reflect 2018 results.

Economic Data – AEP Service Territory

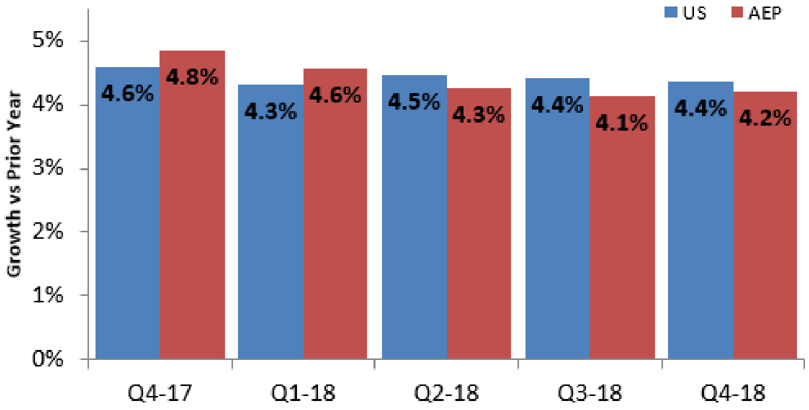
GDP Growth by Quarter



Employment Growth by Quarter



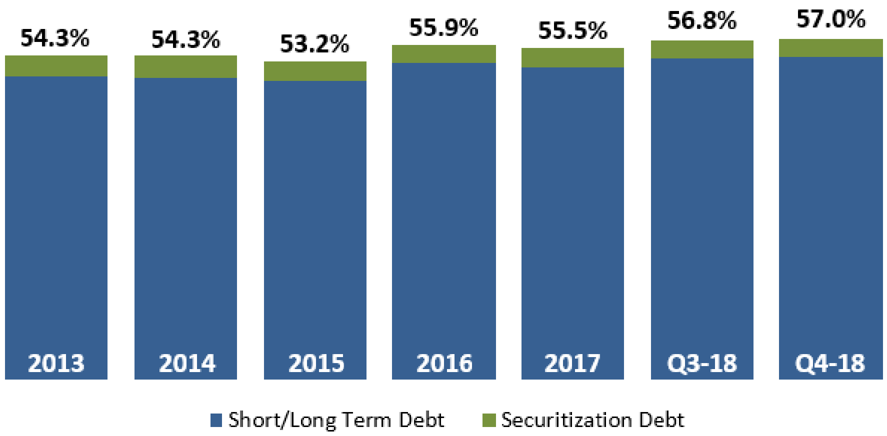
Personal Income Growth by Quarter



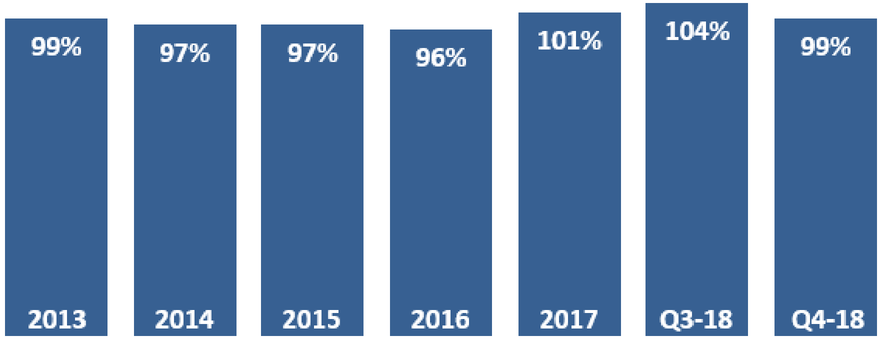
Source – Moody's Analytics

Capitalization and Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual	Target
FFO to Total Debt	17.8%	Mid Teens

Represents the trailing 12 months as of 12/31/2018
See Appendix for reconciliation to GAAP

Liquidity Summary

(unaudited)	12/31/2018 Actual	
($ in millions)	Amount	Maturity
Revolving Credit Facility	$4,000	Jun-22
Plus		
Cash and Cash Equivalents	234	
Less		
Commercial Paper Outstanding	(1,160)	
Letters of Credit Issued	-	
Net Available Liquidity	**$3,074**	

Strong balance sheet, credit metrics and liquidity

Proven Track Record & 2019 Outlook

Proven Track Record

- ✓ Solid 2018 operating earnings and dividend growth
- ✓ Disciplined capital allocation
- ✓ Successful regulatory outcomes
- ✓ Evaluated impact of tax reform and related regulatory treatment to provide tax reform benefits to customers
- ✓ Balance sheet strength

2019 Outlook

- ☐ 5-7% growth rate with 2019 operating earnings guidance range of $4.00-$4.20
- ☐ Finalize pending base rate cases
- ☐ Move forward with renewables opportunities
- ☐ Bend down the O&M curve

Trent Mesa Wind Farm

Reaffirm 2019 operating earnings guidance of $4.00-$4.20

Appendix

4th Quarter Reconciliation of GAAP to Operating Earnings

	$ millions			Earnings Per Share		
	Q4-17	Q4-18	Change	Q4-17	Q4-18	Change
Reported GAAP Earnings	$401	$363	($38)	$0.81	$0.74	($0.07)
Non Operating Items:						
Impairment of Certain Merchant Generation Assets[1]	28	9	(19)	0.05	0.02	(0.03)
Impairment of Turk Plant[2]	14	-	(14)	0.03	-	(0.03)
Welsh Unit 2 Disallowance[2]	4	-	(4)	0.01	-	(0.01)
Effects of Tax Reform[3]	(27)	(18)	9	(0.05)	(0.04)	0.01
AEP Operating Earnings	$420	$354	($66)	$0.85	$0.72	($0.13)

[1] Items recorded in Generation & Marketing segment

[2] Items recorded in Vertically Integrated Utilities segment

[3] Items recorded across multiple segments

Weighted average no. of shares outstanding: 492M Q4-17 and 493M Q4-18

YTD Reconciliation of GAAP to Operating Earnings

	$ millions			Earnings Per Share		
	YTD-17	YTD-18	Change	YTD-17	YTD-18	Change
Reported GAAP Earnings	$1,913	$1,924	$11	$3.89	$3.90	$0.01
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities[1]	3	-	(3)	0.01	-	(0.01)
Gain from Competitive Generation Asset Sale[1]	(129)	-	129	(0.26)	-	0.26
Impairment of Certain Merchant Generation Assets[1]	30	37	7	0.05	0.08	0.03
Impairment of Turk Plant[2]	14	-	(14)	0.03	-	(0.03)
Welsh Unit 2 Disallowance[2]	4	-	(4)	0.01	-	(0.01)
Change in Kentucky State Tax Law[3]	-	(18)	(18)	-	(0.03)	(0.03)
Effects of Tax Reform[4]	(27)	(18)	9	(0.05)	(0.04)	0.01
Severance Charges[4]	-	20	20	-	0.04	0.04
AEP Operating Earnings	$1,808	$1,945	$137	$3.68	$3.95	$0.27

[1] Items recorded in Generation & Marketing segment

[2] Items recorded in Vertically Integrated Utilities segment

[3] Items recorded in Corporate and Other segment

[4] Items recorded across multiple segments

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

Vertically Integrated Utilities

4th Quarter Summary

	Q4-17	Q4-18
$ millions (except EPS)		
Operating Revenues	$2,305	$2,252
Operating Expenses:		
Energy Costs	(774)	(788)
Operations and Maintenance	(730)	(766)
Depreciation and Amortization	(298)	(350)
Taxes Other Than Income Taxes	(107)	(107)
Operating Income	396	241
Net Interest/AFUDC	(120)	(126)
Non-Service Benefit Cost Components	6	16
Income Taxes	(103)	(1)
Operating Earnings	179	130
Proforma Adjustments, Net of Tax	(15)	8
GAAP Earnings	$164	$138
EPS from Operating Earnings	$0.36	$0.26

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

Key Drivers: Q4-18 vs. Q4-17

- ✓ Weather: $11M favorable vs. prior year; $29M favorable vs. normal
- ✓ Rate Changes: $27M favorable vs. prior year primarily from rate increases at I&M, KPCo and PSO, partially offset by the impact of SWEPCO's retroactive Texas base case order received in Dec 2017
- ✓ Normal Load: $44M unfavorable vs. prior year primarily due to unfavorable price variances and lower commercial sales
- ✓ Wholesale Load: $10M unfavorable vs. prior year primarily due to reduced wholesale customers at SWEPCO and I&M
- ✓ O&M: $64M unfavorable (net of offsets) vs. prior year primarily due to increased plant maintenance, storm and forestry expenses
- ✓ Non-Service Cost Components of Net Periodic Benefit Cost: $10M favorable due to plan cost savings and the implementation of a new accounting standard
- ✓ Income Taxes: effective tax rate of 0.4% Q4-18 vs. 36.5% Q4-17

Vertically Integrated Utilities

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$9,198	$9,645
Operating Expenses:		
Energy Costs	(3,143)	(3,489)
Operations and Maintenance	(2,772)	(2,959)
Depreciation and Amortization	(1,142)	(1,316)
Taxes Other Than Income Taxes	(413)	(433)
Operating Income	1,728	1,448
Net Interest/AFUDC	(490)	(515)
Non-Service Benefit Cost Components	23	70
Income Taxes	(438)	(15)
Other	(17)	(2)
Operating Earnings	806	986
Proforma Adjustments, Net of Tax	(15)	5
GAAP Earnings	$791	$991
EPS from Operating Earnings	$1.64	$2.00

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

Key Drivers: YTD-18 vs. YTD-17

- ✓ Weather: $251M favorable vs. prior year; $151M favorable vs. normal
- ✓ Rate Changes: $199M favorable vs. prior year primarily from rate increases at I&M, KPCo, PSO and SWEPCO
- ✓ Normal Load: $29M unfavorable vs. prior year primarily due to unfavorable price variances and lower commercial sales, partially offset by higher residential and industrial sales
- ✓ Wholesale Load: $50M unfavorable vs. prior year primarily due to reduced wholesale customers at I&M and SWEPCO
- ✓ Transmission Revenue: $27M favorable vs. prior year primarily due to a 2018 annual true-up and the impact of the FERC 206 settlement
- ✓ O&M: $180M unfavorable (net of offsets) vs. prior year primarily due to increased plant maintenance, forestry, storm, Wind Catcher and employee-related expenses
- ✓ Depreciation: $51M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balances
- ✓ Non-Service Cost Components of Net Periodic Benefit Cost: $47M favorable due to positive plan asset returns, plan cost savings and the implementation of a new accounting standard
- ✓ Income Taxes: effective tax rate of 1.4% YTD-18 vs. 34.9% YTD-17

Transmission and Distribution Utilities

4th Quarter Summary

	Q4-17	Q4-18
$ millions (except EPS)		
Operating Revenues	$1,106	$1,142
Operating Expenses:		
Energy Costs	(209)	(198)
Amortization of Generation Deferrals	(57)	(52)
Operations and Maintenance	(310)	(390)
Depreciation and Amortization	(165)	(176)
Taxes Other Than Income Taxes	(126)	(132)
Operating Income	239	194
Net Interest/AFUDC	(52)	(54)
Non-Service Benefit Cost Components	2	8
Income Taxes	(65)	(16)
Operating Earnings	124	132
Proforma Adjustments, Net of Tax	138	11
GAAP Earnings	$262	$143
EPS from Operating Earnings	$0.25	$0.27

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

Key Drivers: Q4-18 vs. Q4-17

- ✓ Weather: $5M unfavorable vs. prior year; $2M unfavorable vs. normal
- ✓ Rate Changes: $21M favorable primarily from the Ohio DIR and the Texas Distribution Cost Recovery Factor
- ✓ Depreciation: $18M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Non-Service Cost Components of Net Periodic Benefit Cost: $6M favorable due to plan cost savings and the implementation of a new accounting standard
- ✓ Income Taxes: effective tax rate of 10.9% Q4-18 vs. 34.4% Q4-17

Transmission and Distribution Utilities

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$4,419	$4,653
Operating Expenses:		
Energy Costs	(835)	(859)
Amortization of Generation Deferrals	(230)	(224)
Operations and Maintenance	(1,199)	(1,539)
Depreciation and Amortization	(667)	(734)
Taxes Other Than Income Taxes	(514)	(545)
Operating Income	974	752
Net Interest/AFUDC	(220)	(212)
Non-Service Benefit Cost Components	9	32
Income Taxes	(265)	(54)
Operating Earnings	498	518
Proforma Adjustments, Net of Tax	138	9
GAAP Earnings	$636	$527
EPS from Operating Earnings	$1.01	$1.05

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

Key Drivers: YTD-18 vs. YTD-17

- ✓ Weather: $8M favorable vs. prior year; $12M favorable vs. normal
- ✓ Rate Changes: $44M favorable primarily from the Texas Distribution Cost Recovery Factor and the Ohio DIR
- ✓ Normal Load: $9M favorable vs. prior year primarily due to increased residential sales
- ✓ Depreciation: $52M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Non-Service Cost Components of Net Periodic Benefit Cost: $23M favorable due to positive plan asset returns, plan cost savings and the implementation of a new accounting standard
- ✓ Income Taxes: effective tax rate of 9.4% YTD-18 vs. 34.8% YTD-17

AEP Transmission Holdco

4th Quarter Summary

	Q4-17	Q4-18
$ millions (except EPS)		
Operating Revenues	$185	$199
Operating Expenses:		
Operations and Maintenance	(20)	(29)
Depreciation and Amortization	(28)	(38)
Taxes Other Than Income Taxes	(29)	(36)
Operating Income	108	96
Net Interest/AFUDC	(3)	(1)
Non-Service Benefit Cost Components	-	1
Income Taxes	(46)	(20)
Equity Earnings	20	17
Other	(1)	(1)
Operating Earnings	78	92
Proforma Adjustments, Net of Tax	(2)	-
GAAP Earnings	$76	$92
EPS from Operating Earnings	$0.16	$0.19

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

Key Drivers: Q4-18 vs. Q4-17

- ✓ $14M favorable Operating Earnings vs. prior year primarily due to 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	$767	$804
Operating Expenses:		
Operations and Maintenance	(75)	(105)
Depreciation and Amortization	(102)	(138)
Taxes Other Than Income Taxes	(114)	(142)
Operating Income	476	419
Net Interest/AFUDC	(19)	(21)
Non-Service Benefit Cost Components	-	2
Income Taxes	(188)	(96)
Equity Earnings	89	69
Other	(4)	(3)
Operating Earnings	354	370
Proforma Adjustments, Net of Tax	(2)	-
GAAP Earnings	$352	$370
EPS from Operating Earnings	$0.72	$0.75

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

Key Drivers: YTD-18 vs. YTD-17

✓ $16M favorable Operating Earnings vs. prior year primarily due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos, partially offset by a 2017 annual true-up and accounting adjustments

Generation & Marketing

4th Quarter Summary

	Q4-17	Q4-18
$ millions (except EPS)		
Operating Revenues	$408	$453
Operating Expenses:		
Energy Costs	(314)	(369)
Operations and Maintenance	(61)	(38)
Depreciation and Amortization	(7)	(15)
Taxes Other Than Income Taxes	(3)	(3)
Operating Income	23	28
Net Interest/AFUDC	(1)	-
Non-Service Benefit Cost Components	2	4
Income Taxes	1	3
Operating Earnings	25	35
Proforma Adjustments, Net of Tax	(105)	38
GAAP Earnings	($80)	$73
EPS from Operating Earnings	$0.05	$0.07

Key Drivers: Q4-18 vs. Q4-17

- ✓ AEP Dayton ATC liquidations up 16%: $34.97/MWh in Q4-18 vs. $30.23/MWh in Q4-17
- ✓ Income Taxes: effective tax rate of (9.6%) Q4-18 vs. (6.0%) Q4-17

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

Generation & Marketing

YTD Summary

	YTD-17	YTD-18
$ millions (except EPS)		
Operating Revenues	$1,880	$1,941
Operating Expenses:		
Energy Costs	(1,377)	(1,537)
Operations and Maintenance	(280)	(213)
Depreciation and Amortization	(24)	(41)
Taxes Other Than Income Taxes	(12)	(13)
Operating Income	187	137
Net Interest/AFUDC	(8)	(2)
Non-Service Benefit Cost Components	9	15
Income Taxes	(41)	(12)
Other	-	1
Operating Earnings	147	139
Proforma Adjustments, Net of Tax	19	(4)
GAAP Earnings	$166	$135
EPS from Operating Earnings	$0.30	$0.29

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

Key Drivers: YTD-18 vs. YTD-17

- ✓ Generation decreased 4,088 GWh (49%) YTD-18 vs. YTD-17 primarily due to sale of plants in January 2017 and retirement of Stuart Plant in May 2018.
- ✓ AEP Dayton ATC liquidations up 18%: $34.63/MWh YTD-18 vs. $29.22/MWh YTD-17
- ✓ Income Taxes: effective tax rate of 7.9% YTD-18 vs. 21.8% YTD-17

4th Quarter Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (in millions)
	Q4-18 vs. Q4-17
APCo/WPCo	-
I&M	$32
KPCo	$3
PSO	$10
SWEPCO	($18)
Kingsport	-
TOTAL	$27
Impact on EPS	$0.04

Transmission and Distribution Utilities

	Rate Changes, net of offsets (in millions)
	Q4-18 vs. Q4-17
AEP Ohio	$16
AEP Texas	$5
TOTAL	$21
Impact on EPS	$0.03

YTD Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (in millions)
	YTD-18 vs. YTD-17
APCo/WPCo	$2
I&M	$112
KPCo	$17
PSO	$38
SWEPCO	$30
Kingsport	-
TOTAL	$199
Impact on EPS	⬆ $0.26

Transmission and Distribution Utilities

	Rate Changes, net of offsets (in millions)
	YTD-18 vs. YTD-17
AEP Ohio	$21
AEP Texas	$23
TOTAL	$44
Impact on EPS	⬆ $0.06

4th Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load[1] (weather normalized)
	Q4-18 vs. Q4-17
APCo/WPCo	(0.1%)
I&M	(1.6%)
KPCo	(1.3%)
PSO	1.9%
SWEPCO	(0.7%)
Kingsport	0.1%
TOTAL	(0.2%)
Impact on EPS[2]	↓ $0.06

Transmission and Distribution Utilities

	Retail Load[1] (weather normalized)
	Q4-18 vs. Q4-17
AEP Ohio	0.1%
AEP Texas	(3.0%)
TOTAL	(1.2%)
Impact on EPS[2]	-

---

[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	1.3%
I&M	0.1%
KPCo	(0.7%)
PSO	0.9%
SWEPCO	0.8%
Kingsport	0.9%
TOTAL	0.8%
Impact on EPS[2]	↓ $0.04

Transmission and Distribution Utilities

	Retail Load[1] (weather normalized)
	YTD-18 vs. YTD-17
AEP Ohio	0.7%
AEP Texas	0.9%
TOTAL	0.8%
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

4th Quarter Weather Impact

Vertically Integrated Utilities

	Weather Impact (in millions)	
	Q4-18 vs. Q4-17	Q4-18 vs. Normal
APCo/WPCo	$7	$15
I&M	$2	$5
KPCo	$1	$3
PSO	-	$1
SWEPCO	$1	$5
Kingsport	-	-
TOTAL	$11	$29
Impact on EPS	↑ $0.01	↑ $0.05

Transmission and Distribution Utilities

	Weather Impact (in millions)	
	Q4-18 vs. Q4-17	Q4-18 vs. Normal
AEP Ohio	-	-
AEP Texas	($5)	($2)
TOTAL	($5)	($2)
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	$97	$61
I&M	$53	$34
KPCo	$21	$11
PSO	$30	$21
SWEPCO	$49	$24
Kingsport	$1	-
TOTAL	$251	$151
Impact on EPS	↑ $0.33	↑ $0.24

Transmission and Distribution Utilities

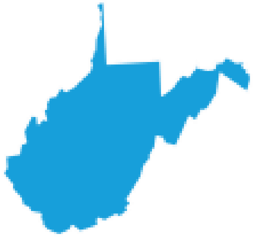
	Weather Impact (in millions)	
	YTD-18 vs. YTD-17	YTD-18 vs. Normal
AEP Ohio	-	-
AEP Texas	$8	$12
TOTAL	$8	$12
Impact on EPS	↑ $0.01	↑ $0.02

Current Rate Case Activity

APCo – West Virginia

Docket #:	18-0646-E-42T
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:	$95M (Less $32M Depr)
Net Revenue Increase:	$63M
Test Year:	12/31/2017

Settlement Agreement Filed: 11/13/2018
(Awaiting Order)



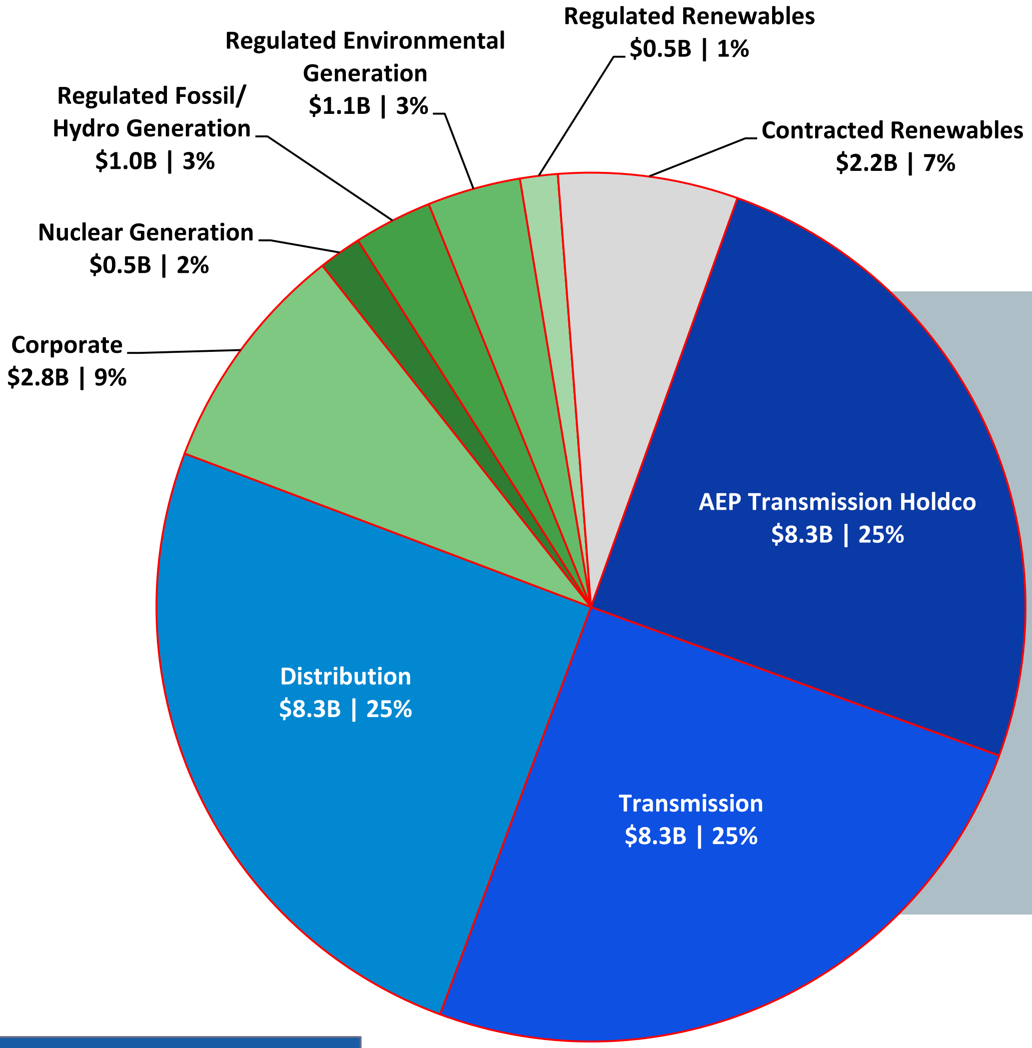
PSO – Oklahoma

Docket #:	201800097
Filing Date:	09/26/2018
Requested Rate Base:	$2.5B
Requested ROE:	10.3%
Cap Structure:	51.86%D / 48.14%E
Gross Revenue Increase:	$88M (Less $20M Depr and Amort)
Net Revenue Increase:	$68M
Test Year:	03/31/2018

Procedural Schedule

Rebuttal Testimony:	02/08/2019
Hearing Commences:	03/04/2019
ALJ Report:	April 2019

2019-2023 Capital Forecast: Total $33B



100%

of capital allocated to regulated businesses and contracted renewables

75%

allocated to wires

Focus on wires and renewables

Cash Flows and Financial Metrics

$ in millions	2019E	2020E	2021E
Cash from Operations	$ 4,700	$ 4,900	$ 5,300
Capital & JV Equity Contributions	(6,500)	(6,100)	(6,300)
Other Investing Activities	(300)	(400)	(100)
Common Dividends	(1,300)	(1,300)	(1,400)
Excess (Required) Capital	$ (3,400)	$ (2,900)	$ (2,500)
Financing			
Excess (Required) Capital	$ (3,400)	$ (2,900)	$ (2,500)
Debt Maturities (Senior Notes, PCRBs)	(1,100)	(900)	(1,500)
Securitization Amortizations	(300)	(200)	(100)
Equity Issuances - Includes DRP/401(k)	100	500	500
Debt Capital Market Needs (New)	$ (4,700)	$ (3,500)	$ (3,600)
Financial Metrics			
Debt to Capitalization (GAAP)	55% - 60%		
FFO/Total Debt (Moody's)	Mid Teens		

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

GAAP to Non-GAAP Reconciliations and Ratios

Adjusted FFO Calculation

	12 Months Ended 12/31/18
	$ millions
Cash Flow From Operations	$5,238
Adjustments:	
Changes in Working Capital	(543)
Capitalized Interest	(73)
Securitization Amortization	(312)
Lease Payments	173
Adjusted Funds from Operations (FFO)	$4,483

Adjusted Total Debt Calculation

	As of 12/31/18
	$ millions
GAAP Total Debt (incl. current maturities)	$25,257
Less:	
Securitization Bonds	(1,117)
Spent Nuclear Fuel Trust	(274)
Add:	
Capital Lease Obligations	289
Pension	42
Off-balance Sheet Leases	927
Adjusted Total Debt (Non-GAAP)	$25,124

FFO to Total Debt Ratio

$$\frac{\textbf{Adjusted Funds from Operations (FFO)}}{\textbf{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4{,}483}{\$25{,}124} = 17.8\%$$