

# 1<sup>ST</sup> QUARTER 2021 EARNINGS RELEASE PRESENTATION

April 22, 2021

**AMERICAN  
ELECTRIC  
POWER**

BOUNDLESS ENERGY™



# “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, The impact of pandemics, including COVID-19, and any associated disruption of AEP’s business operations due to impacts on economic or market conditions, electricity usage, employees, customers, service providers, vendors and suppliers, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms, including favorable tax treatment, and to recover those costs, new legislation, litigation and government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

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# Non-GAAP Financial Measures

AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO to Total Debt. Operating earnings (non-GAAP) excludes certain gains and losses and other specified items, including mark-to-market adjustments from commodity hedging activities and other items as set forth in the reconciliation in the Appendix. FFO to Total Debt is adjusted for the effects of securitization, spent nuclear fuel trust, capital and operating leases, pension, capitalized interest and changes in working capital. Operating earnings could differ from GAAP earnings for matters such as impairments, divestitures, or changes in accounting principles. AEP management is not able to forecast if any of these items will occur or any amounts that may be reported for future periods. Therefore, AEP is not able to provide a corresponding GAAP equivalent for earnings guidance. Reflecting special items recorded through the first quarter of 2021, the estimated earnings per share on a GAAP basis would be \$4.56 to \$4.76 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.

# 1<sup>st</sup> Quarter 2021 Business Update

- ❑ 1<sup>st</sup> Quarter 2021 operating earnings of \$1.15 per share or \$571M
- ❑ Reaffirming 2021 operating earnings guidance range of \$4.55-\$4.75 and 5%-7% long-term growth rate

- ❑ Promoting and accelerating a clean energy future
  - Commission of North Central Wind's Sundance facility on April 14
  - Proposing up to **16,595 MW** of new renewable energy to serve customers across the AEP system from 2021-2030, bringing renewable capacity to **51%** of total generating capacity by 2030
    - An **incremental 8,566 MW** of renewables from what was disclosed at November 2020 EEI
    - Inclusive of SWEPCO renewables announced on the Q4 2020 earnings call
  - Climate Scenario Analysis issued in March 2021 supporting carbon emission reduction goals of 80% by 2030 and net zero by 2050
  - Acquire Rockport Plant Unit 2 as a short-term capacity bridge; acquisition ensures a planned retirement of both Units 1 and 2 no later than 2028, benefiting our stakeholders and the environment

- ❑ Current regulatory activity: AEP Ohio, APCo-Virginia, SWEPCO-Louisiana, SWEPCO-Texas, FERC

# Future Forward - Advancing Towards a Clean Energy Future

## Projected Regulated Resource Additions

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

WIND ADDITIONS (MW) 					
Company	2021 – 2025	2026 – 2030	Total	Prior Total (2020 EEI)	Incremental Wind Opportunity
APCo	1,800 <sup>1</sup>	-	1,800 <sup>1</sup>	600	1,200 <sup>1</sup>
I&M	800	-	800	750	50
KPCo	500	500	1,000	200	800
PSO	1,975 <sup>2</sup>	1,300	3,275 <sup>2</sup>	1,275 <sup>2</sup>	2,000
SWEPCO	2,310 <sup>2</sup>	1,500	3,810 <sup>2</sup>	1,410 <sup>2</sup>	2,400
<b>Total</b>	<b>7,385<sup>2</sup></b>	<b>3,300</b>	<b>10,685<sup>2</sup></b>	<b>4,235<sup>2</sup></b>	<b>6,450</b>

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

TOTAL PROJECTED RESOURCE ADDITIONS (MW)	
Resource	2021-2030
Solar	5,910
Wind	10,685
Natural Gas	2,266
<b>Total</b>	<b>18,861</b>

**Total regulated renewable opportunity of 16.6 GW by 2030**

**An 8.6 GW increase since 2020 EEI update**

Projected regulated resource additions current as of 3/31/21. AEP operating companies will continue to develop Integrated Resource Plans (IRPs) over the near-term and long-term in collaboration with stakeholders.

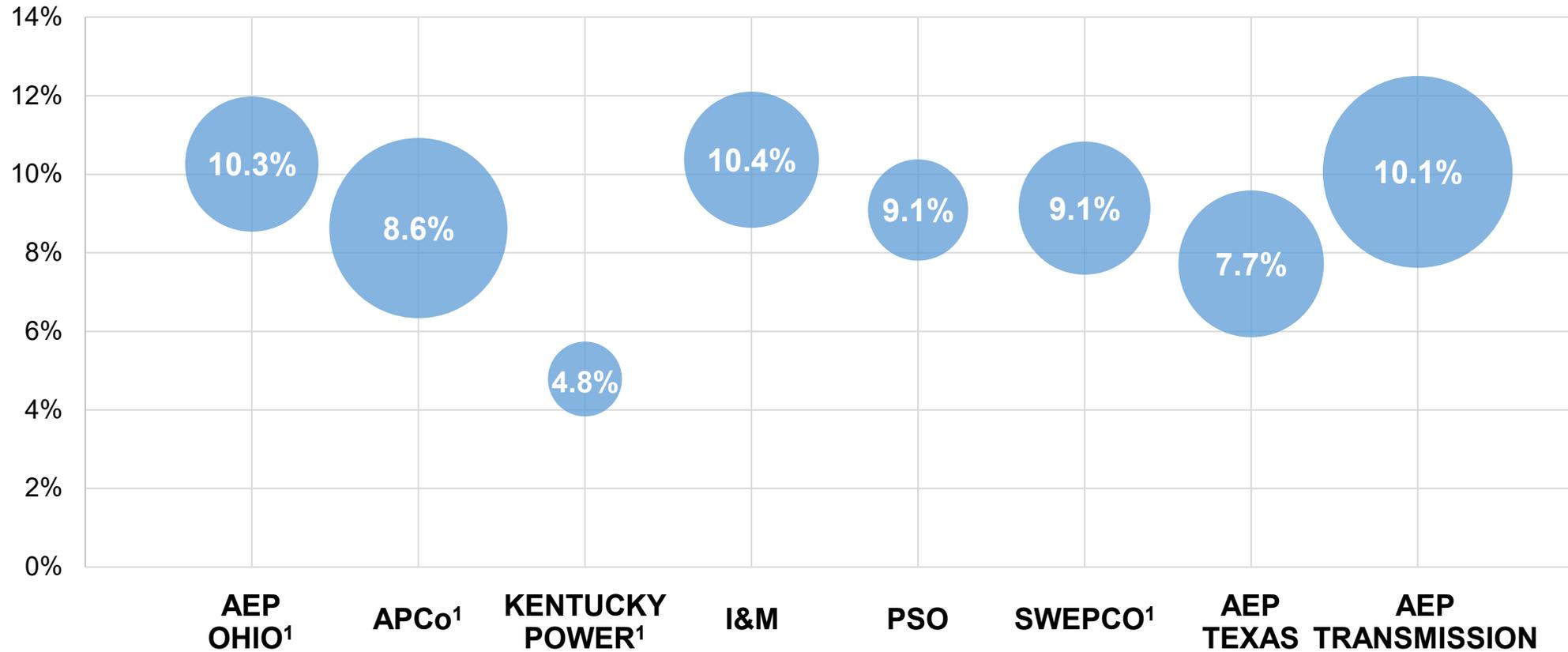
<sup>1</sup> Includes 600 MW at WPCo

<sup>2</sup> Includes 1,485 MW North Central Wind project (675 MW at PSO and 810 MW at SWEPCO) of which Sundance for 199 MW was placed into service on 4/14/21

Note: See Slide 26 in the Appendix for additional information

# Regulated Returns

**Twelve Months Ended 3/31/2021 Earned ROE's**  
(non-GAAP operating earnings, not weather normalized)



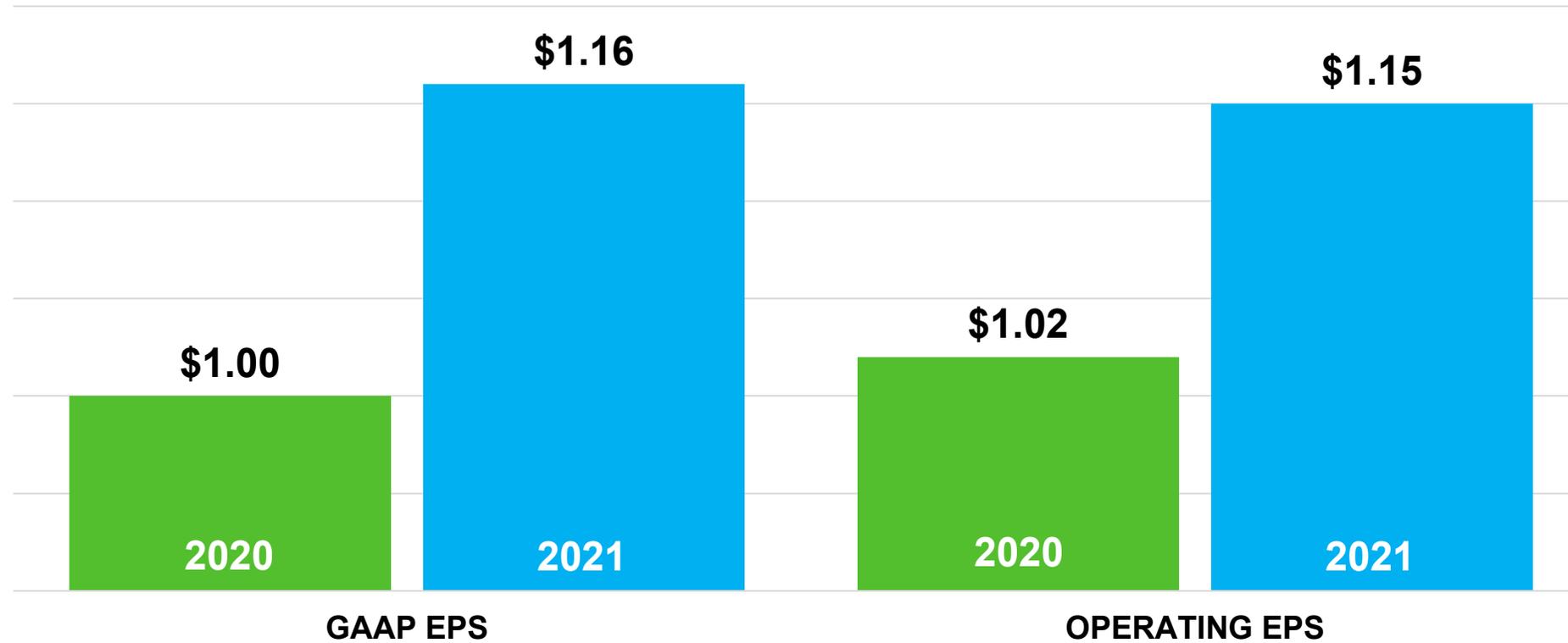
**Regulated Operations ROE of 9.1%**

*(as of March 31, 2021)*

<sup>1</sup> Base rate cases pending/order recently received

*Sphere size based on each company's relative equity balance*

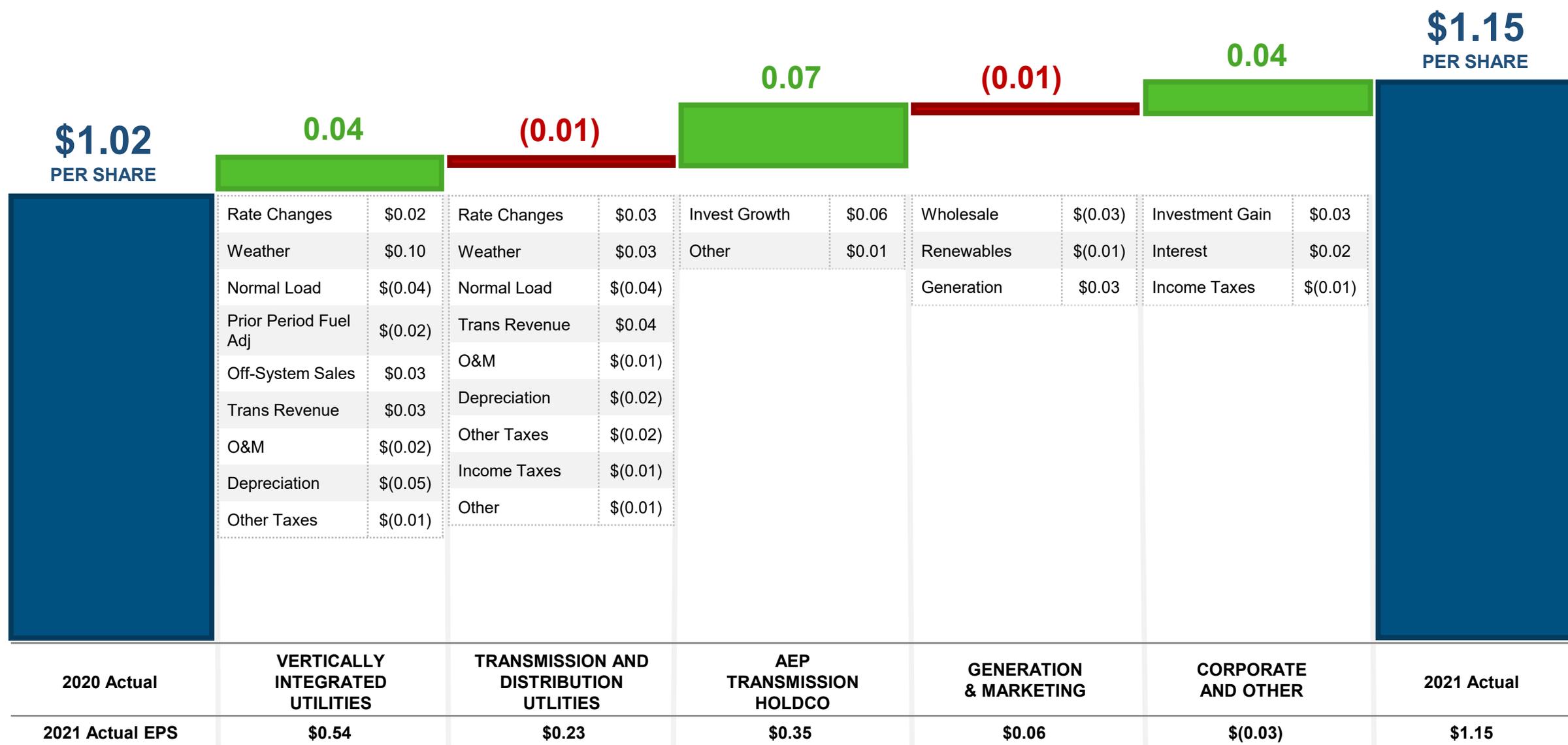
# 1<sup>st</sup> Quarter 2021 Financial Update



- ✓ Delivered GAAP earnings of \$1.16 per share of \$575M for the first quarter of 2021
- ✓ Delivered operating earnings of \$1.15 per share or \$571M for the first quarter of 2021

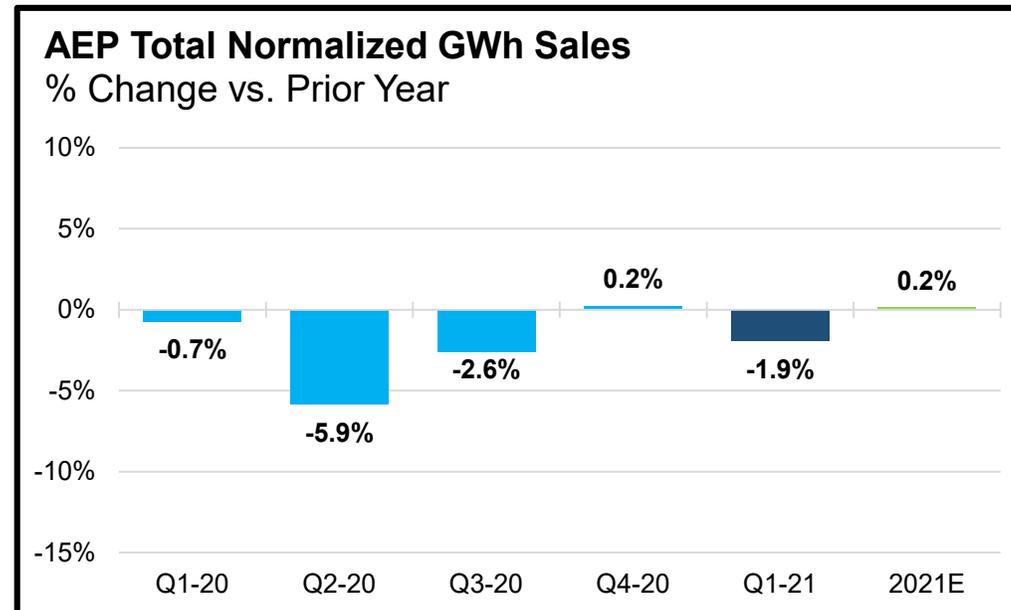
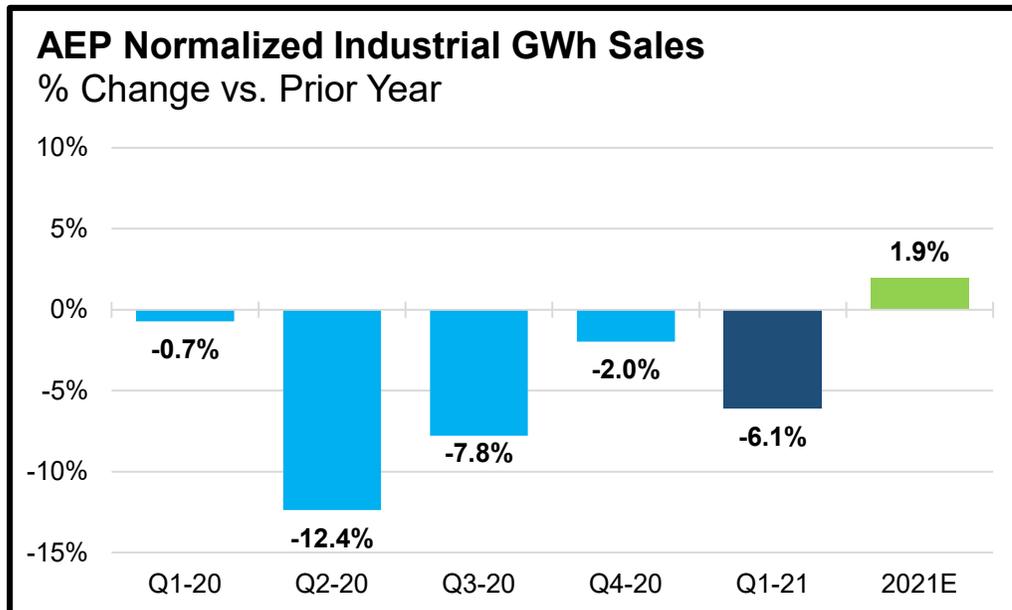
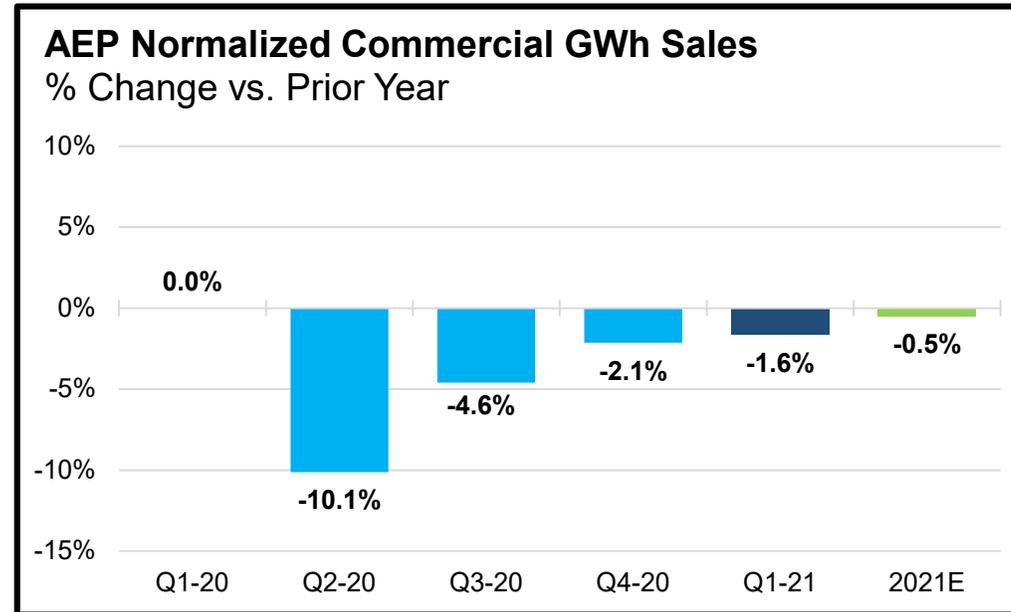
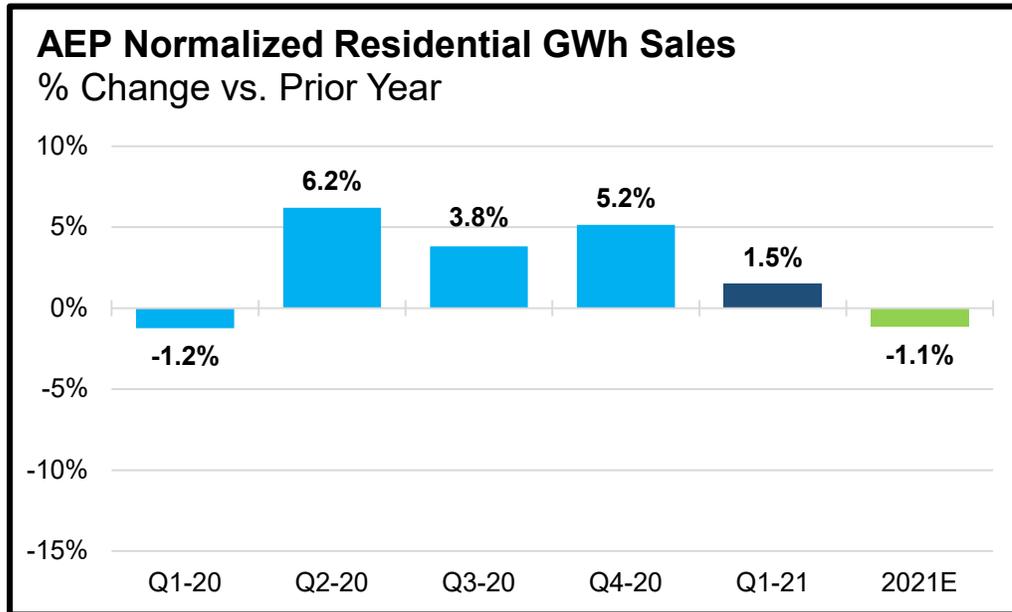
Refer to Appendix for reconciliation between GAAP and Operating EPS

# 1<sup>st</sup> Quarter Operating Earnings Segment Detail



Refer to Appendix for additional explanation of variances by segment

# Weather Normalized Billed Retail Load Trends

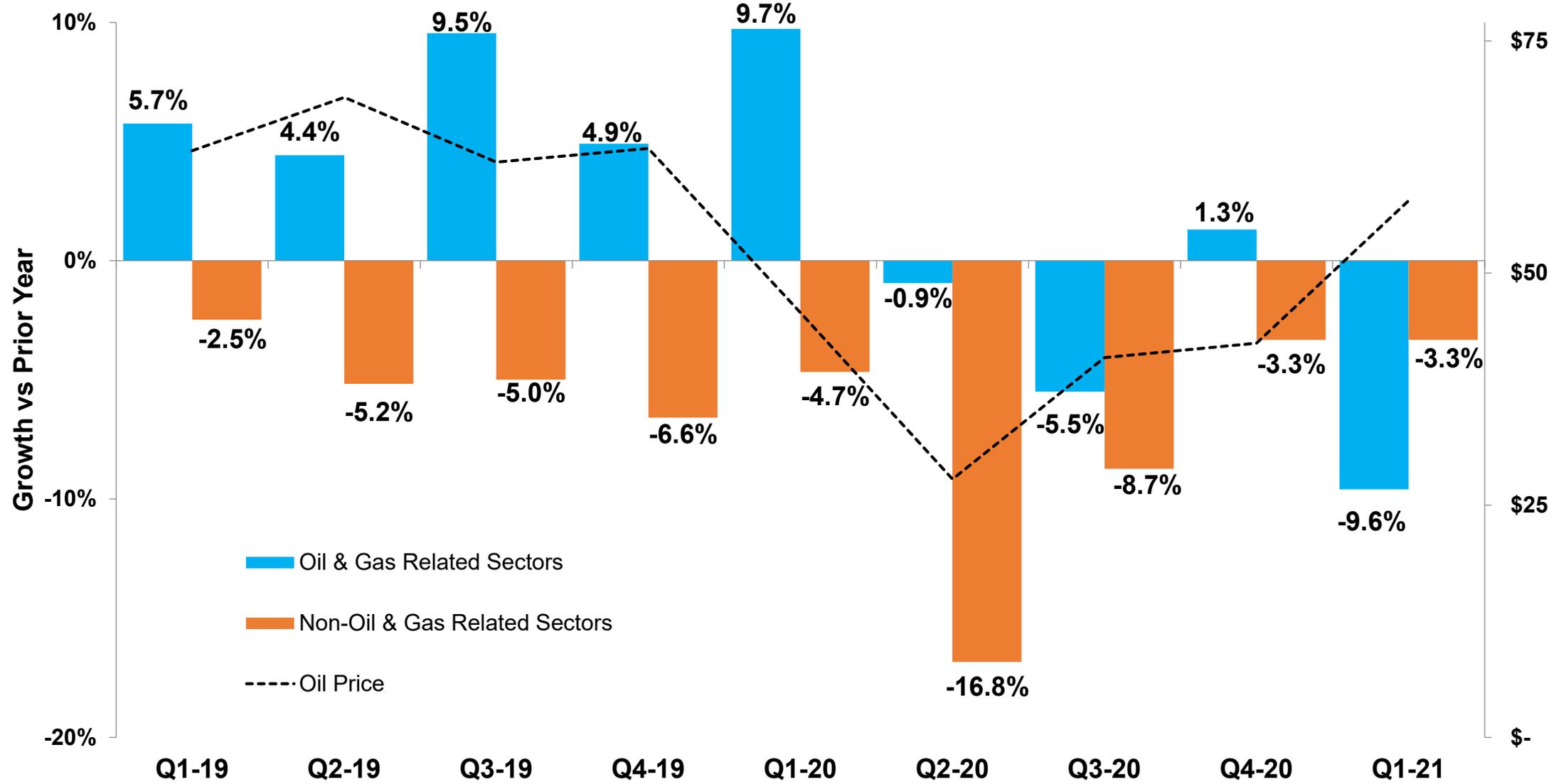


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

Note: Q1-20 GWh sales were primarily at pre-pandemic levels in comparison to Q1-21 GWh sales. Also, Q1-21 industrial GWh sales were down -6.1% vs. Q1-20 largely due to the one-time storm event which impacted AEP's western service territory by -12.8%. Comparatively, AEP's eastern service territory was down -2.6%.

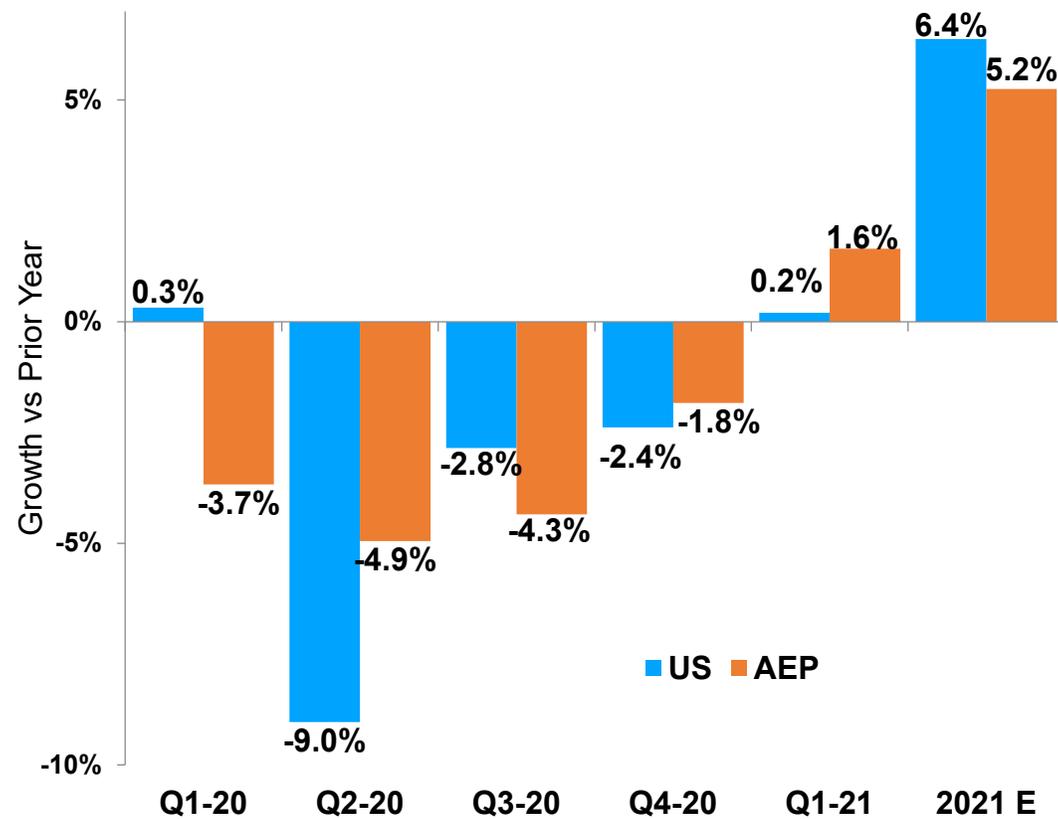
# Industrial Sales Growth

## AEP Industrial GWh Growth

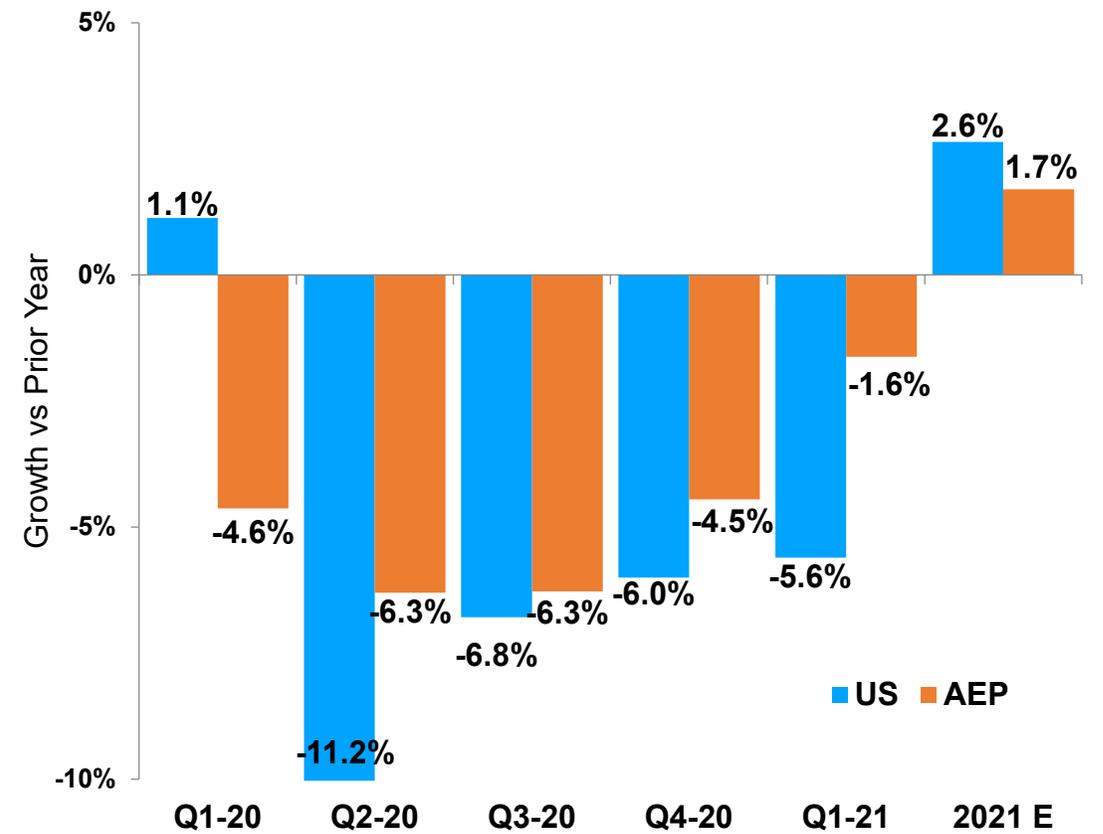


# Economic Data – AEP Service Territory

## GDP Growth by Quarter



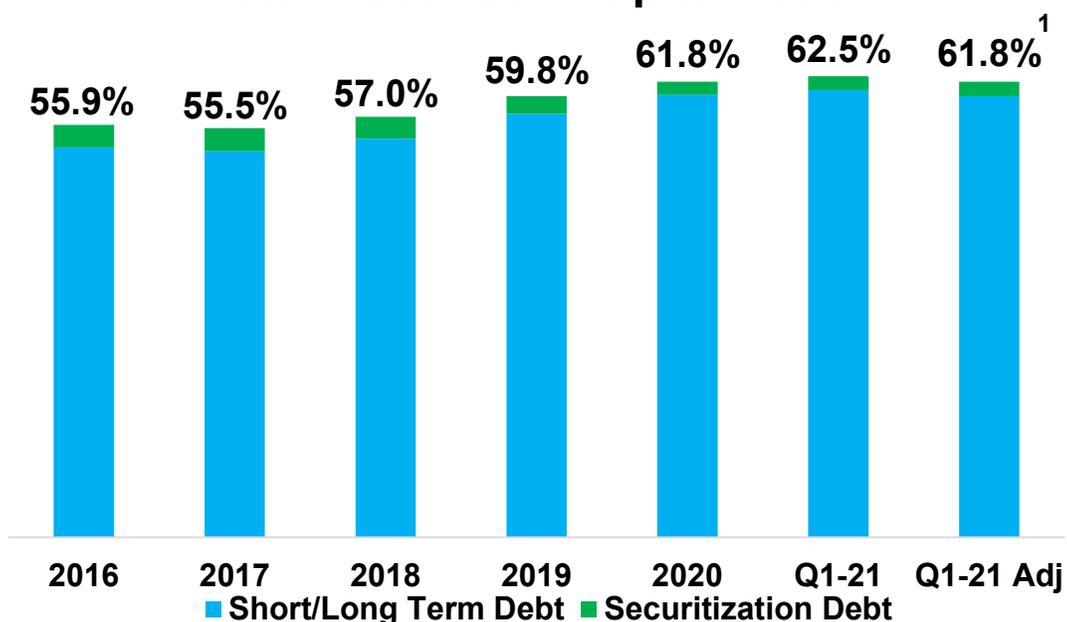
## Employment Growth by Quarter



Source: Moody's Analytics

# Capitalization & Liquidity

## Total Debt/Total Capitalization



## Credit Statistics

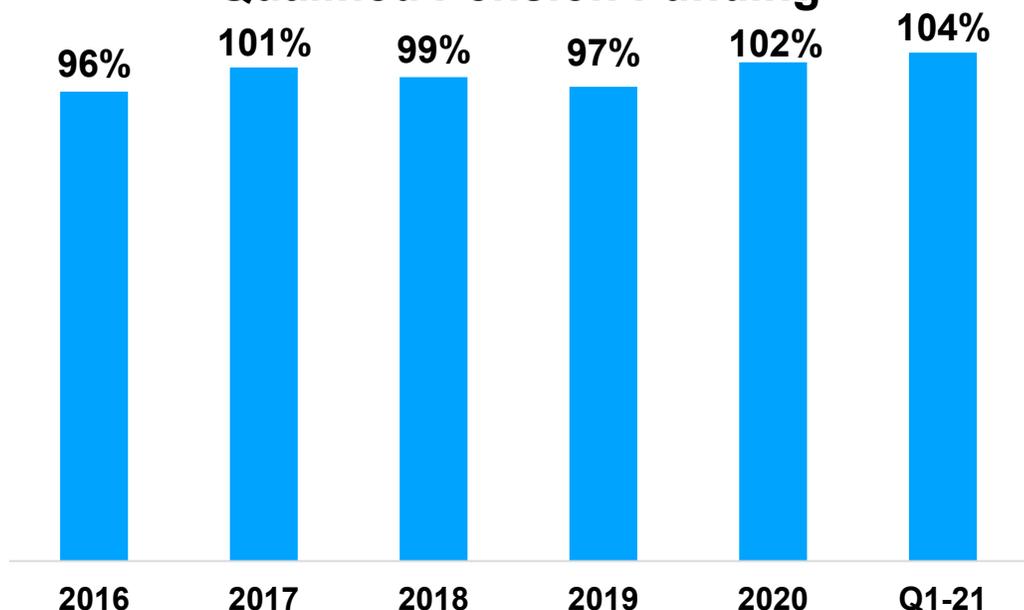
	Moody's	GAAP
FFO to Total Debt	9.1%	8.9%
Adj FFO to Total Debt <sup>1</sup>	12.9%	12.7%
Long-Term Target	Low to Mid Teens	

*Represents the trailing 12 months as of 3/31/2021  
See Appendix for reconciliation to GAAP*

## Liquidity Summary

(\$ in millions)	3/31/2021 ACTUAL	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2026
Revolving Credit Facility	1,000	March 2023
364-Day Term Loan	500	March 2022
<b>Plus</b>		
Cash & Cash Equivalents	273	
<b>Less</b>		
Commercial Paper Outstanding	(1,874)	
364-Day Term Loan	(500)	
Letters of Credit Issued	-	
<b>Net Available Liquidity</b>	<b>\$ 3,399</b>	

## Qualified Pension Funding



<sup>1</sup> Adjusted data excludes impact of Storm Uri in February that resulted in significant fuel and purchased power costs at PSO and SWEPCO and related incurrence of debt as of 3/31/2021. AEP's credit metrics will see temporary pressure in 2021 as we work through the regulatory recovery process at PSO and SWEPCO. Management is in frequent contact with rating agencies to keep them apprised of all aspects of the business. AEP's long-term FFO to Total Debt target remains at low to mid teens.

# Summary

- ✓ Reaffirm 2021 operating earnings guidance range of \$4.55-\$4.75 and 5%-7% long-term growth rate
- ✓ Promote and accelerate a clean energy future
- ✓ North Central Wind financing for Sundance



North Central Wind - Sundance

# APPENDIX

# 1<sup>st</sup> Quarter Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	Q1-20	Q1-21	Change	Q1-20	Q1-21	Change
<b>Reported GAAP Earnings</b>	\$ 495	\$ 575	\$ 80	\$ 1.00	\$ 1.16	\$ 0.16
<b>Non Operating Items:</b>						
Mark-to-Market Impact of Commodity Hedging Activities <sup>1</sup>	6	(4)	(10)	0.01	(0.01)	(0.02)
Impact of COVID-19 <sup>2,3</sup>	3	-	(3)	0.01	-	(0.01)
<b>AEP Operating Earnings</b>	\$ 504	\$ 571	\$ 67	\$ 1.02	\$ 1.15	\$ 0.13

<sup>1</sup> Items recorded in Generation & Marketing segment

<sup>2</sup> Items recorded in Vertically Integrated Utilities Segment

<sup>3</sup> Items recorded in Transmission and Distribution Utilities Segment

Weighted average no. of shares outstanding: 494.6M Q1-20 and 497.1M Q1-21

# Vertically Integrated Utilities

## 1<sup>st</sup> Quarter Summary

\$ in millions (except EPS)	Q1-20	Q1-21
Operating Revenues	\$ 2,227	\$ 2,537
Operating Expenses:		
Energy Costs	(671)	(859)
Operations and Maintenance	(689)	(740)
Depreciation and Amortization	(382)	(432)
Taxes Other Than Income Taxes	(117)	(124)
Operating Income	368	382
Net Interest/AFUDC	(135)	(129)
Non-Service Benefit Cost Components	17	17
Income Taxes	(3)	-
Operating Earnings	247	270
Proforma Adjustments, Net of Tax	(2)	-
GAAP Earnings	\$ 245	\$ 270
<b>EPS from Operating Earnings</b>	<b>\$ 0.50</b>	<b>\$ 0.54</b>

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

## Key Drivers: Q1-21 vs. Q1-20

- ✓ Rate Changes: \$15M favorable vs. prior year primarily from rate increases at KPCo, I&M and SWEPCO
- ✓ Weather: \$61M favorable vs. prior year; \$5M unfavorable vs. normal
- ✓ Normal Load: \$23M unfavorable vs. prior year primarily due to lower commercial and industrial sales, partially offset by higher residential sales
- ✓ Off-System Sales: \$21M favorable vs. prior year primarily due to impacts of Storm Uri in February
- ✓ Transmission Revenue: \$17M favorable vs. prior year primarily due to increased transmission investment at APCo, I&M and SWEPCO
- ✓ Depreciation: \$30M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of (0.1)% Q1-21 vs. 1.0% Q1-20

# Transmission and Distribution Utilities

## 1<sup>st</sup> Quarter Summary

\$ in millions (except EPS)	Q1-20	Q1-21
Operating Revenues	\$ 1,107	\$ 1,088
Operating Expenses:		
Energy Costs	(191)	(205)
Operations and Maintenance	(366)	(365)
Depreciation and Amortization	(215)	(173)
Taxes Other Than Income Taxes	(146)	(158)
Operating Income	189	187
Net Interest/AFUDC	(63)	(67)
Non-Service Benefit Cost Components	7	7
Income Taxes	(16)	(13)
Operating Earnings	117	114
Proforma Adjustments, Net of Tax	(1)	-
GAAP Earnings	\$ 116	\$ 114
<b>EPS from Operating Earnings</b>	<b>\$ 0.24</b>	<b>\$ 0.23</b>

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

## Key Drivers: Q1-21 vs. Q1-20

- ✓ Rate Changes: \$22M favorable vs. prior year primarily from the Texas DCRF and Ohio DIR
- ✓ Weather: \$19M favorable vs. prior year; \$14M favorable vs. normal
- ✓ Normal Load: \$23M unfavorable vs. prior year primarily due to lower commercial, industrial and residential sales
- ✓ Transmission Revenue: \$27M favorable vs. prior year primarily due to increased transmission investment
- ✓ Income Taxes: actual rate of 10.3% Q1-21 vs. 11.8% Q1-20

# AEP Transmission Holdco

## 1<sup>st</sup> Quarter Summary

\$ in millions (except EPS)	Q1-20	Q1-21
Operating Revenues	\$ 310	\$ 377
Operating Expenses:		
Operations and Maintenance	(30)	(27)
Depreciation and Amortization	(58)	(73)
Taxes Other Than Income Taxes	(52)	(59)
Operating Income	170	218
Net Interest/AFUDC	(14)	(18)
Non-Service Benefit Cost Components	1	-
Income Taxes	(38)	(46)
Equity Earnings	23	19
Other	(1)	(1)
Operating and GAAP Earnings	\$ 141	\$ 172
<b>EPS from Operating Earnings</b>	\$ 0.28	\$ 0.35

## Key Drivers: Q1-21 vs. Q1-20

- ✓ \$31M favorable Operating Earnings vs. prior year primarily due to increased transmission investment

# Generation & Marketing

## 1<sup>st</sup> Quarter Summary

\$ in millions (except EPS)	Q1-20	Q1-21
Operating Revenues	\$ 447	\$ 629
Operating Expenses:		
Energy Costs	(361)	(566)
Operations and Maintenance	(41)	(28)
Depreciation and Amortization	(18)	(19)
Taxes Other Than Income Taxes	(3)	(3)
Operating Income	24	13
Net Interest/AFUDC	(8)	(3)
Non-Service Benefit Cost Components	4	4
Income Taxes	11	16
Other	4	2
Operating Earnings	35	32
Proforma Adjustments, Net of Tax	(6)	4
GAAP Earnings	\$ 29	\$ 36
<b>EPS from Operating Earnings</b>	<b>\$ 0.07</b>	<b>\$ 0.06</b>

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

## Key Drivers: Q1-21 vs. Q1-20

- ✓ Generation increased 387 GWh or 52% Q1-21 vs Q1-20 primarily due to higher market prices in PJM which drove increased generation at Cardinal plant
- ✓ AEP Dayton ATC liquidations up 51%: \$30.33/MWh in Q1-21 vs. \$20.14/MWh in Q1-20
- ✓ Wholesale decreased primarily due to unfavorable ERCOT market prices and extreme usage levels caused by Storm Uri
- ✓ Income Taxes: actual rate of (94.4)% Q1-21 vs. (41.1)% Q1-20

# 1<sup>st</sup> Quarter Rate Performance

## Vertically Integrated Utilities

	Rate Changes, net of offsets (\$ in millions) Q1-21 vs. Q1-20
APCo/WPCo	\$1
I&M	\$2
KPCo	\$8
PSO	\$1
SWEPCO	\$3
Kingsport	-
<b>TOTAL</b>	<b>\$15</b>
Impact on EPS	

## Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions) Q1-21 vs. Q1-20
AEP Ohio	\$2
AEP Texas	\$20
<b>TOTAL</b>	<b>\$22</b>
Impact on EPS	

# 1<sup>st</sup> Quarter Weather Impact

## Vertically Integrated Utilities

	Weather Impact (\$ in millions)	
	Q1-21 vs. Q1-20	Q1-21 vs. Normal
APCo/WPCo	\$33	\$(6)
I&M	\$8	\$(4)
KPCo	\$7	-
PSO	\$3	\$1
SWEPCO	\$10	\$4
Kingsport	-	-
<b>TOTAL</b>	<b>\$61</b>	<b>\$(5)</b>
Impact on EPS	 \$0.10	 \$0.01

## Transmission and Distribution Utilities

	Weather Impact (\$ in millions)	
	Q1-21 vs. Q1-20	Q1-21 vs. Normal
AEP Ohio	-	-
AEP Texas	\$19	\$14
<b>TOTAL</b>	<b>\$19</b>	<b>\$14</b>
Impact on EPS	 \$0.03	 \$0.02

# 1<sup>st</sup> Quarter Retail Load Performance

## Vertically Integrated Utilities

	Retail Load <sup>1</sup> (weather normalized) Q1-21 vs. Q1-20
APCo/WPCo	(1.2)%
I&M	(0.9)%
KPCo	(4.2)%
PSO	(1.6)%
SWEPCO	(3.6)%
Kingsport	(15.3)%
<b>TOTAL</b>	<b>(2.1)%</b>
Impact on EPS <sup>2</sup>	<b>\$0.04</b>

## Transmission and Distribution Utilities

	Retail Load <sup>1</sup> (weather normalized) Q1-21 vs. Q1-20
AEP Ohio	0.9%
AEP Texas	(5.6)%
<b>TOTAL</b>	<b>(1.6)%</b>
Impact on EPS <sup>2</sup>	<b>\$0.04</b>

<sup>1</sup> Includes load on a bill basis only, excludes firm wholesale load and accrued sales

<sup>2</sup> Includes EPS impact of accrued revenues

# Current Rate Case Activity

## AEP Ohio

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

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



## APCo - Virginia

Docket #	PUR-2020-00015
Filing Date	3/31/2020
Requested Rate Base	\$2.5B
Requested ROE	9.9%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$65M (Less \$27M D&A)
Net Revenue Increase	\$38M
Test Year	12/31/2019
<u>Commission Order Summary</u> <sup>2,3</sup>	
Order Received	11/24/2020
Effective Date	1/23/2021
ROE	9.2%
Cap Structure	50%D / 50%E
Gross Revenue Increase	\$0M (Less \$25.5M D&A)
Net Revenue Decrease	\$25.5M

<sup>2</sup> On 11/25/2020, APCo filed an appeal of the commission order with the Virginia Supreme Court. On 4/20/2021, APCo also filed with the Virginia Supreme Court for \$40.5M in interim rates and an expedited appeal schedule.

<sup>3</sup> On 12/14/2020, APCo filed a petition for reconsideration with the Virginia SCC which was subsequently granted on 12/15/2020. On 3/26/2021, the Virginia SCC issued an order on reconsideration affirming the original final order.



# Current Rate Case Activity

## KPCo

Docket #	2020-00174
Filing Date	6/29/2020
Requested Rate Base	\$1.4B
Requested ROE	10%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$65M
Test Year	3/31/2020
<b><u>Commission Order Summary</u><sup>1</sup></b>	
Order Received	1/13/2021
Effective Date	1/14/2021
ROE	9.3%
Cap Structure	53.7%D / 3.0%AR / 43.3%E
Net Revenue Increase	\$52M

## SWEPCO - Louisiana

Docket #	U-35441
Filing Date	12/18/2020
Requested Rate Base	\$2.1B
Requested ROE	10.35%
Cap Structure	49.2%D / 50.8%E
Gross Revenue Increase	\$134M (Less \$41M D&A)
Net Revenue Increase	\$93M
Test Year	12/31/2019 <sup>2</sup>

<sup>2</sup> Includes proposed pro-forma adjustment to plant in-service through 12/31/2020



## SWEPCO - Texas

Docket #	51415
Filing Date	10/13/2020
Requested Rate Base	\$2.0B
Requested ROE	10.35%
Cap Structure	50.6%D / 49.4%E
Gross Revenue Increase	\$90M <sup>3</sup> (Less \$17M D&A)
Net Revenue Increase	\$73M
Test Year	3/31/2020
<b>Procedural Schedule</b>	
Rebuttal Testimony	4/23/2021
Hearing	5/19/2021
Expected Commission Order	Q4-21

<sup>3</sup> Does not include \$15M of current riders moving to base rates



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



# North Central Wind Overview



## APPROVED MW ALLOCATION

Jurisdiction (Docket #)	MW	% of Project
PSO (PUD 2019-00048)	675	45.5%
SWEPCO – AR (19-035-U)	268	18.1%
SWEPCO – LA (U-35324)	464	31.2%
SWEPCO - FERC	78	5.2%
<b>Total:</b>	<b>1,485</b>	<b>100%</b>

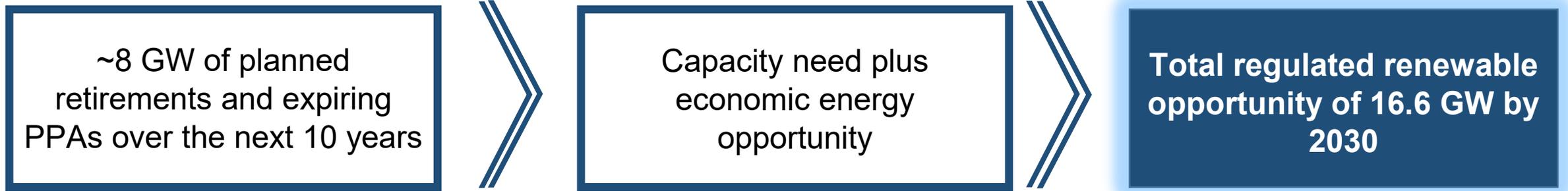
## SWEPCO AND PSO REGULATED WIND INVESTMENT

Total Rate Base Investment	~\$2 billion (1,485 MW)			
North Central Wind	<u>Name</u>	<u>MW</u>	<u>Investment</u>	<u>Target Date</u>
	Sundance	199	\$307M	Apr. 14, 2021 (100% PTC)
	Maverick	287	\$402M	Dec. 2021 (80% PTC)
	Traverse	999	\$1,287M	Dec. 2021 to Apr. 2022 (80% PTC)
Net Capacity Factor	44%			
Customer Savings	~\$3 billion (30-year nominal \$)			
Developer	Invenergy			
Turbine Supplier	GE			

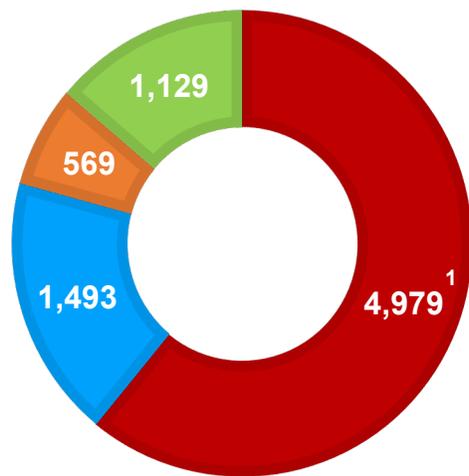
Note: Facilities to be acquired on a fixed cost, turn-key basis at completion

**Regulatory approvals achieved in  
Oklahoma, Louisiana, Arkansas and at FERC**

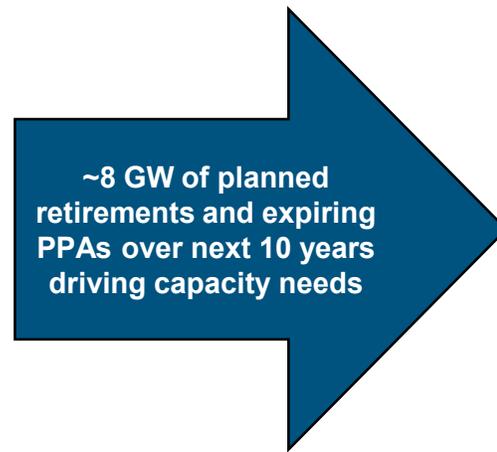
# Future Forward - Advancing Towards a Clean Energy Future



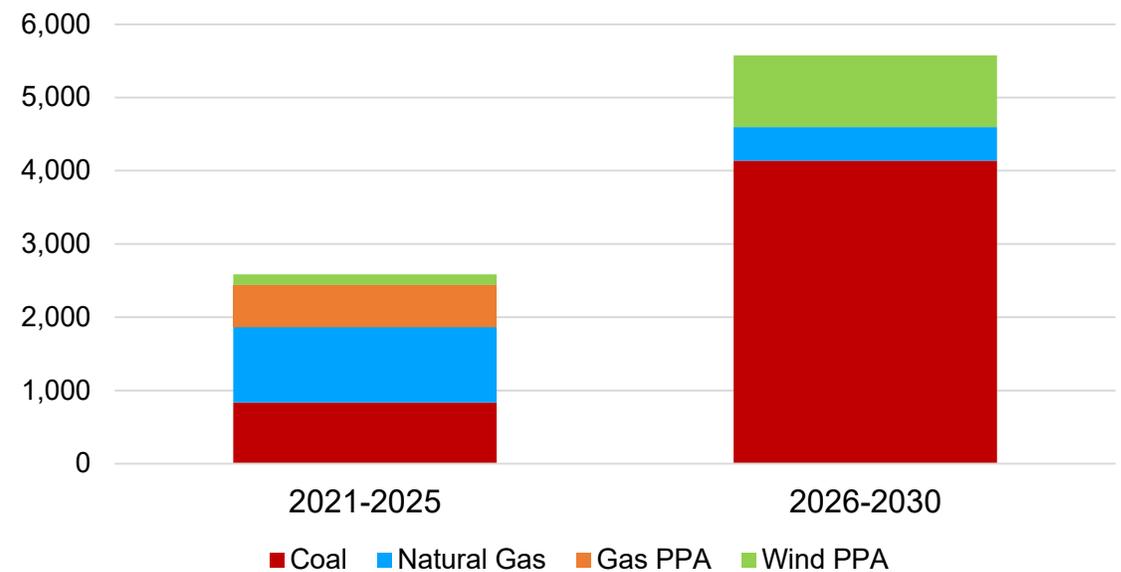
Regulated Generation Retirement and PPA Expirations (MW) 2021-2030



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



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



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

To date, requests for proposals (RFPs) have been issued for 355 MW<sup>3</sup> of renewable resources. An RFP for the 3.3 GW renewable opportunity at SWEPCO remains on track for Q2-21.

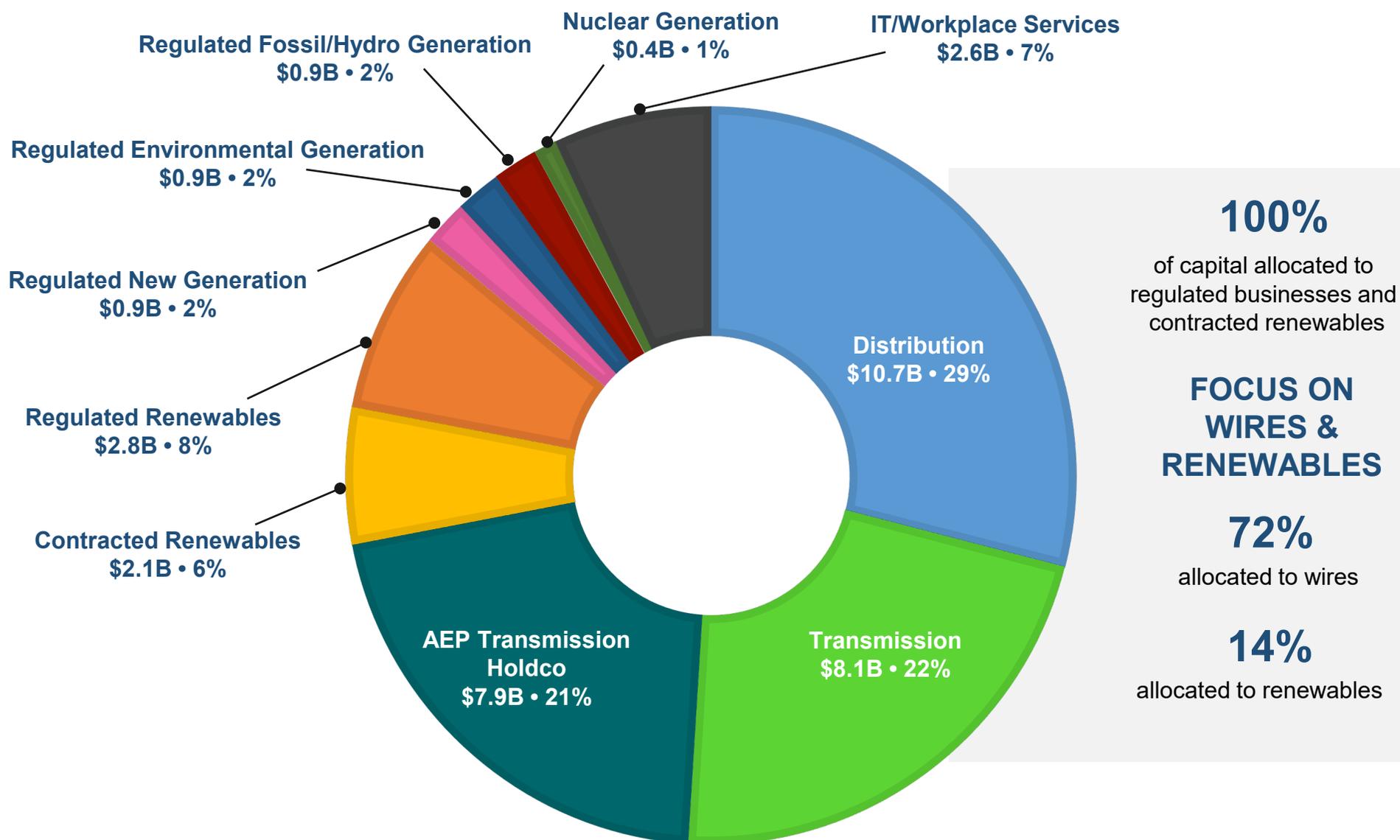
<sup>1</sup> Does not include retirement of the 595 MW Cardinal plant in 2030 which is part of AEP's unregulated generation fleet

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

<sup>3</sup> Represents 2020/2021 RFPs issued at APCo

# 2021 - 2025 Capital Forecast of \$37B and Net Plant

## 2021-2025 Capital Forecast



# Cash Flows and Financial Metrics

\$ in millions	2021E	2022E	2023E
Cash from Operations	\$ 3,800	\$ 6,000	\$ 6,400
Capital & JV Equity Contributions <sup>1</sup>	(7,500)	(8,000)	(6,900)
Other Investing Activities	(300)	(300)	(300)
Common Dividends <sup>2</sup>	(1,400)	(1,500)	(1,500)
<b>Required Capital</b>	<b>\$ (5,400)</b>	<b>\$ (3,800)</b>	<b>\$ (2,300)</b>
<b>Financing</b>			
Required Capital	\$ (5,400)	\$ (3,800)	\$ (2,300)
Debt Maturities (Senior Notes, PCRBs)	(2,000)	(3,000)	(1,400)
Securitization Amortizations	(100)	(100)	(100)
Equity Units Conversion	-	805	850
Equity Issuances – Includes DRP <sup>3</sup>	600	1,400	100
<b>Debt Capital Market Needs (New)</b>	<b>\$ (6,900)</b>	<b>\$ (4,695)</b>	<b>\$ (2,850)</b>
<b>Financial Metrics</b>			
Debt to Capitalization (GAAP)	Approximately 60%		
FFO/Total Debt (Moody's)	2021 pressured by Storm Uri; long-term target remains at low to mid teens		

<sup>1</sup> Capital expenditures in 2021 include \$709M for North Central Wind's Sundance and Maverick projects. Expenditures in 2022 include \$1.287B for North Central Wind's Traverse project.

<sup>2</sup> Common dividends increased to \$0.74 per share Q4-20; \$2.96/share 2021-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

<sup>3</sup> Equity needs in 2021 include approximately \$500M for North Central Wind's Sundance and Maverick projects. Equity needs in 2022 include approximately \$800M for North Central Wind's Traverse project. Total equity needs for the project are \$1.3B.

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

# GAAP to Non-GAAP Reconciliations and Ratios

## Adjusted FFO Calculation

	<b>12 Months Ended 3/31/21</b> (in millions)
<b>Cash Flow From Operations</b>	\$ 4,285
Adjustments:	
Changes in Working Capital	240
Capitalized Interest	(63)
Securitization Amortization	(152)
<b>Adjusted Funds from Operations (FFO)</b>	<b>\$ 4,310</b>

## Adjusted Total Debt Calculation

	<b>As of 3/31/21</b> (in millions)
<b>GAAP Total Debt (incl. current maturities)</b>	<b>\$ 34,268</b>
Less:	
Securitization Bonds	(699)
Spent Nuclear Fuel Trust	(281)
Equity Units Capital Adjust (25%)	(414)
Add:	
Finance Lease Obligations	283
Operating Leases	866
<b>Adjusted Total Debt (Non-GAAP)</b>	<b>\$ 34,023</b>

## Adjusted FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$ 4,310}{\$ 34,023} = 12.7\%^1$$

<sup>1</sup> Adjusted FFO to Total Debt is 12.9% on a Moody's basis. Both GAAP and Moody's views of FFO to Total Debt exclude the impact of Storm Uri in February. Refer to slide 12 for additional information.