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## AMERICAN ELECTRIC POWER (AEP) SWOT & PESTLE ANALYSIS

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**Company Name :** American Electric Power (AEP)

**Company Sector :** Electric Utilities

**Operating Geography :** United States., North America, Global

**About the Company :**

American Electric Power (AEP) is a major electric utility company headquartered in Columbus, Ohio, with operations in 11 states across the United States. AEP delivers electricity to more than 5 million customers in the Midwest, South, and East regions of the country. AEP was founded in 1906 as the American Gas and Electric Company, but changed its name to American Electric Power in 1958. As of 2023, AEP is one of the largest electric utilities in the United States, with approximately 16,600 employees and a generating capacity of more than 30,000 megawatts. AEP's primary business is the generation, transmission, and distribution of electricity to residential, commercial, and industrial customers. The company operates a diverse portfolio of power plants, including coal, natural gas, oil, and renewable sources such as wind and solar. In addition to its core electric utility operations, AEP also provides energy-related products and services, such as energy efficiency programs, demand response services, and energy management consulting.

The USP of American Electric Power lies in it being one of the largest electric utilities in the United States. AEP's mission statement reads, "Together, with our customers, we are redefining the future of energy and developing innovative solutions that power communities and improve lives."

**Revenue :**

US\$ 19,639 million - FY ending 31st December 2022 (y-o-y growth 16.96%)

US\$ 16,792 million - FY ending 31st December 2021

## SWOT Analysis :

The SWOT Analysis for American Electric Power (AEP) is given below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>1. One of the largest electric utilities in the U.S, serving 5 million+ customers across 11 states.</li> <li>2. Robust transmission &amp; distribution network covering both rural &amp; urban areas.</li> <li>3. Diversified energy portfolio that includes coal, lignite, natural gas, nuclear &amp; renewables.</li> <li>4. Community involvement &amp; efforts with over \$29 million in charitable contributions.</li> </ul>	<ul style="list-style-type: none"> <li>1. Heavy reliance on coal &amp; natural gas for over 60% of its energy generation.</li> <li>2. Regional concentration in the Midwest &amp; South makes it vulnerable to weather &amp; natural disasters.</li> <li>3. Aging transmission infrastructure can lead to reliability issues &amp; increase maintenance costs</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>1. Expand its renewable energy portfolio, given the increasing demand for clean energy &amp; declining cost of renewable technologies.</li> <li>2. Capitalize on EV market, predicted to grow at a CAGR of 25.4% from 2022 to 2029 to expand its customer reach.</li> <li>3. Can benefit from Bipartisan Infrastructure deal funding for energy upgrades to modernize its transmission &amp; distribution network.</li> </ul>	<ul style="list-style-type: none"> <li>1. Highly competitive industry with numerous players vying for market share.</li> <li>2. Weather events can disrupt operations, cause power outages &amp; increase maintenance costs.</li> <li>3. Unregulated contracts, not subject to FERC, increase business risk.</li> <li>4. Geopolitical tensions like Russia-Ukraine war may increase cyber threats disrupting business operations.</li> <li>5. Financial stress in the coal industry could result in increased fuel costs, negatively impacting financial performance.</li> </ul>

## PESTLE Analysis :

The PESTLE Analysis for American Electric Power (AEP) is given below:

Political	Economical
1.Govt incentives like PTC, ITC & MACRS could drive renewable energy investments	1.Inflation & supply chain disruptions during COVID-19 increased lead times & input costs 2.Fluctuations in commodity prices, such as coal & natural gas, impact financial performance.
Social	Technological
1.Growing use of electric vehicles & energy-efficient appliances could alter electricity demand 2.Urbanization could boost electricity demand and revenue	1.Smart grids & advanced metering infrastructure could improve operational efficiency & customer service. 2.Reliance on digital technologies creates cybersecurity risks that can impact operations & customer data.
Legal	Environmental
1.Compliance with the new WOTUS rule is critical to avoid any legal implications.	1.Water scarcity may increase costs & disrupt operations as power plants require water for cooling. 2.Extreme weather events & climate change poses risks to business operations.

Please note that our free summary reports contain the SWOT and PESTLE table contents only. The complete report for **American Electric Power (AEP)** SWOT & PESTLE Analysis is a paid report at **27 U.S.D.**

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