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NEWS RELEASE

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PSC Sets Public Meetings in Kentucky Power Environmental Compliance Case

Comments taken in Louisa, Pikeville, Whitesburg and Hazard

FRANKFORT, Ky. (Mar. 15, 2012) – The Kentucky Public Service Commission (PSC) will hold public meetings next month in Louisa, Pikeville, Whitesburg and Hazard to receive public comments on an environmental compliance plan and associated environmental surcharge request submitted by Kentucky Power Co.

The public comment meetings will be preceded by an information session during which PSC staff will explain the environmental compliance review process and the legal basis for the surcharge, which applies only to electric rates. The presentation will include an overview of the Kentucky Power application.

Kentucky Power is seeking PSC authorization to spend about \$940 million to comply with new federal environmental requirements affecting utilities that burn coal to generate electricity. The company estimates that the total monthly electric bills for a typical residential customer would increase by about \$31, or 30 percent, beginning in 2016.

Since 1994, Kentucky laws and regulations have allowed utilities such as Kentucky Power to recover environmental compliance costs separately from their general rates. The costs are recovered through a surcharge that appears as a separate item on electric bills.

The Kentucky law under which the application is being considered – known as the environmental surcharge mechanism - gives the PSC more limited review and discretion than it has in general rate cases.

“These meetings are an opportunity for the public to learn more about an issue that affects every electric utility in Kentucky,” PSC Chairman David Armstrong said. “The meetings also allow the PSC to hear directly from ratepayers in these matters.”

The information sessions will last an hour and will include a presentation by PSC staff and a question-and-answer period focusing on the PSC process.

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For those unable to attend, the presentation will be available on the PSC website, psc.ky.gov, beginning April 4.

The public comment portion of each meeting will begin at 1:30 p.m. or 6:30 p.m. EDT. The meetings are scheduled for:

Louisa

Wednesday, April 4, 2012, 12:30 p.m. EDT

Lawrence County Community Center
205 Bulldog Lane

Pikeville

Wednesday, April 4, 2012, 5:30 p.m. EDT

Auditorium, Pikeville High School
120 Championship Drive

Whitesburg

Thursday, April 5, 2012, 12:30 p.m. EDT

Auditorium, Letcher County High School
435 Cougar Drive

Hazard

Thursday, April 5, 2012, 5:30 pm EDT

Auditorium, Perry Central High School
305 Park Drive

Kentucky Power has about 173,400 customers in 20 counties in eastern Kentucky. Kentucky Power is a subsidiary of American Electric Power Co., which is headquartered in Columbus, Ohio, and has about five million customers in 11 states.

The \$940 million Kentucky Power is proposing to spend would pay for the construction of a system commonly known as a scrubber, as well as associated facilities, to control air emissions from an 800-megawatt generating unit at the company's Big Sandy power plant near Louisa. Kentucky Power is under a federal court order that requires installation of the scrubber by the end of 2015 if the company intends to continue burning coal at the Big Sandy plant.

Kentucky Power says it plans to retire an older, 278-megawatt coal-burning unit at Big Sandy at the end of 2014.

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If the PSC approves the application, Kentucky Power estimates that the monthly bill for a residential customer using 1,000 kilowatt-hours per month (a kilowatt-hour is the amount of electricity used by a 100-watt light bulb in 10 hours) would increase from about \$98 to about \$129 in 2016. Individual bill increases would vary with electric consumption.

The Kentucky Power application and related documents are available on the PSC Web site, psc.ky.gov. The case number is 2011-00401.

In addition to the public meetings, the PSC will conduct a formal evidentiary hearing in the case beginning at 10 a.m. on Monday, April 30. The hearing will be held at the PSC offices at 211 Sower Boulevard in Frankfort. It will be open to the public and may be viewed live on the PSC website.

Written comments will be accepted through the conclusion of the evidentiary hearing. They may be mailed to the PSC at P.O. Box 615, Frankfort, KY 40602, faxed to 502-564-9625, e-mailed from the PSC website or submitted in person at the public meetings or at the PSC offices.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 90 employees.