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## NEWS RELEASE

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# **PSC to Take Public Comments on Proposal by Kentucky Power to Replace Big Sandy Plant**

## ***Utility seeks to purchase replacement generating capacity from sister company***

**FRANKFORT, Ky. (April 24, 2013)** – The Kentucky Public Service Commission (PSC) will offer opportunities next month for members of the public to provide comments regarding the proposal by Kentucky Power Co. to purchase replacement electric generating capacity in order to retire the Big Sandy generating facility near Louisa.

A public meeting will be held Tuesday, May 14 in Louisa. On Wednesday, May 15, the PSC will conduct a teleconference linking sites in Whitesburg and Hazard with the commission offices in Frankfort.

Both the meeting and the teleconference will begin with a presentation by PSC staff on the regulatory processes governing the case and an overview of the Kentucky Power proposal.

“These meetings are an opportunity for the public to learn how the PSC reaches a decision in cases such as this,” PSC Chairman David Armstrong said. “The meetings also allow the PSC to hear directly from ratepayers in these matters.”

The presentation by PSC staff and a question-and-answer period will begin at 5 p.m. EDT each day and last an hour. Public comments will follow at 6 p.m. EDT.

Kentucky Power is seeking PSC approval of an agreement to purchase a 50 percent interest in Ohio Power Company’s Mitchell power plant, which is south of Moundsville, West Virginia. Kentucky Power and Ohio Power are both subsidiaries of American Electric Power Co.

The 780 megawatts of capacity from Mitchell would nearly replace the 800 megawatts generated by the larger of two units at the Big Sandy plant.

In its application, Kentucky Power says the cost of the Mitchell purchase will be about \$536 million. That is \$404 million less than the estimated cost of upgrading Big Sandy’s 800-megawatt unit in order to meet stricter federal air quality standards, as the company earlier had proposed to do.

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Kentucky Power canceled the upgrade plans in May 2012 and said it would consider other options. The plan to purchase generating capacity at Mitchell is the best of the available alternatives, Kentucky Power said in its application to the PSC.

The 800-megawatt Big Sandy unit now is scheduled to close in mid-2015.

An older, 278-megawatt unit at Big Sandy is scheduled to be either converted to burn natural gas or shut down by the end of 2014. Kentucky Power has not yet finalized plans for the unit or for replacing that power.

Both the Big Sandy units and the Mitchell units burn coal. But the Mitchell units are newer than the Big Sandy plant and have the equipment needed to comply with federal air quality regulations.

Kentucky Power estimates that the purchase of the Mitchell units will result in an eight percent increase in customer bills, or about \$6 per month for a typical residential customer. The rate impact of upgrading Big Sandy had been estimated by the company at about \$31 per month for residential customers.

The public meetings are scheduled for:

### **Louisa**

**Tuesday, May 14, 2013, 5:00 p.m. EDT**

Lawrence County Community Center

205 Bulldog Lane

### **Whitesburg**

**Wednesday, May 15, 2013, 5:00 p.m. EDT**

Room 203

Whitesburg Campus, Southeast Kentucky Community and Technical College

2 Long Avenue

### **Hazard**

**Wednesday, May 15, 2013, 5:00 pm EDT**

Multipurpose room

University Center of the Mountains (UCM)

Hazard Community and Technical College Main Campus

One Community College Drive (Highway 15 South)

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

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The Kentucky Power application and related documents are available on the PSC Web site, [psc.ky.gov](http://psc.ky.gov). The case number is 2012-00578.

In addition to the public meetings, the PSC will conduct a formal evidentiary hearing in the case beginning at 10 a.m. EDT on Wednesday, May 29. 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.

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