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PSC Grants Kentucky Power's Request for Rehearing on Several Items Related to the Mitchell Generating Station CPCN Case

FRANKFORT, Ky. (Aug. 19, 2021)—The Public Service Commission (Commission/PSC) issued an Order today granting Kentucky Power Company's request for partial rehearing of the Commission's July 15, 2021, regarding construction projects at the company's Mitchell Generating Station located in West Virginia. The Commission's July 15 Order approved construction projects to comply with the federal Coal Combustion Residual (CCR) rule but denied construction projects to comply with Effluent Limitations Guidelines (ELG) at the Mitchell power plant. The Commission's denial of the ELG construction projects means Mitchell would have to cease operations in 2028.

American Electric Power (AEP) subsidiaries Kentucky Power and Wheeling Power Company each own a 50 percent undivided interest in Mitchell. On Aug. 4, 2021, the West Virginia Public Service Commission approved Wheeling Power's request for construction investments to comply with both the CCR and the ELG rules, which will allow Mitchell to operate through 2040.

Today's Order directs Kentucky Power to explain both companies' plans regarding the Mitchell plant by submitting status reports every ten days and to explain the impact of the conflicting ELG decisions of the two commissions on AEP's strategic review of Kentucky Power's assets. The Order also directs Kentucky Power to provide the journal entries recorded when Kentucky Power acquired Mitchell and Mitchell's remaining net book value, including all plant accounts and asset retirement obligations, as of the most recent month for which records are available.

On Aug. 2, 2021, Kentucky Power filed a request for rehearing on the following: (1) The company's proposed 20 percent annual depreciation rate for investments to comply the CCR rule; (2) the company's request for a finding that the investment of \$1.903 million in ELG projects prior to the July Order was prudently incurred; and (3) the company's request for regulatory asset treatment for the \$1.903 million.

Today's Order grants rehearing to determine the actual closure date of Mitchell, which should be used to determine the CCR depreciation rates so that Kentucky Power's customers do not subsidize the future use of the CCR projects. The granting of rehearing does not affect the Commission's July 15 denial of the ELG compliance expenditures.

Upon rehearing, the Commission also is seeking a breakdown of the ELG expenses and justification for why these expenses should qualify for regulatory asset treatment. The Commission states in its Order that Kentucky Power provided no explanation of the \$1.903 million figure included in its request for rehearing and did not provide any basis for regulatory asset treatment in the original case.

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Intervenors in the case are the Attorney General of the Commonwealth of Kentucky; Kentucky Industrial Utility Customers, Inc.; and Sierra Club.

Records in this case are available at psc.ky.gov. The case number is 2021-00004.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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