

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF KENTUCKY POWER)	
COMPANY d/b/a AMERICAN ELECTRIC)	
POWER FOR A CERTIFICATE OF PUBLIC)	CASE NO.
CONVENIENCE AND NECESSITY TO)	2001-093
CONSTRUCT SELECTIVE CATALYTIC)	
REDUCTION (SCR))	

ORDER

On April 6, 2001, Kentucky Power Company d/b/a American Electric Power (“Kentucky Power”) filed an application for a Certificate of Public Convenience and Necessity to construct Selective Catalytic Reduction (“SCR”) NOx control technologies. Kentucky Industrial Utility Customers (“KIUC”) and the Attorney General, by and through his Office of Rate Intervention (“AG”), filed motions for intervention, which were granted.

The Commission issued a procedural schedule providing for discovery and an opportunity to request a public hearing. Discovery was conducted, but no hearing was requested.

Kentucky Power must reduce its NOx emissions to 0.15 lb/Mbtu by May 1, 2003 to meet Environmental Protection Agency (“EPA”) regulations. Kentucky Power proposes to construct an SCR at its Big Sandy Unit 2 generating plant, which has a current emission rate of 0.57 lb/Mbtu. Kentucky Power indicates that the SCR construction is scheduled to take approximately 19 months. SCR is the only commercially available technology capable of achieving the required level of NOx

removal at Big Sandy Unit 2 necessary to comply with applicable state and federal NOx reduction rules. The estimated capital cost for the SCR installation is \$107 million. Neither intervenor objected to Kentucky Power's proposal to construct the proposed SCR.

After consideration of the evidence and being otherwise sufficiently advised, the Commission finds that the proposed construction of the SCR is needed to reduce NOx emissions to 0.15 lb/Mbtu level by May 1, 2003. The proposed construction is reasonable and cost effective, and will not result in the wasteful duplication of facilities.

IT IS THEREFORE ORDERED that:

1. Kentucky Power is granted a Certificate of Public Convenience and Necessity to construct the SCR at Big Sandy Unit 2 as needed to comply with EPA requirements.

2. In the event that there is a delay or modification of the EPA Nox regulations, Kentucky Power shall file, within 20 days, an analysis of the impact of the delay or modifications on the construction approved herein.

Done at Frankfort, Kentucky, this 31st day of July, 2001.

By the Commission

ATTEST:


Executive Director