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## **SWEPCO Receives Arkansas Commission Approval for Flint Creek Plant Project**

SHREVEPORT, La., July 10, 2013 – The Arkansas Public Service Commission has determined that the installation of additional environmental controls at the Flint Creek Power Plant in Gentry, Ark., is in the public interest. The decision was issued today in response to a request by American Electric Power (NYSE: AEP) subsidiary Southwestern Electric Power Co. (SWEPCO).

SWEPCO and Arkansas Electric Cooperative Corp. (AECC) each own 50 percent of the 528-megawatt coal-fueled plant. SWEPCO operates the facility. As a baseload unit, Flint Creek provides power 24 hours a day. It is the only baseload power plant in Northwest Arkansas.

To comply with new Environmental Protection Agency regulations, SWEPCO must install additional environmental controls to continue operation of Flint Creek beyond April 16, 2016. SWEPCO has secured from the Arkansas Department of Environmental Quality a one-year extension beyond EPA's 2015 deadline to continue operations if the company is in the process of installing controls.

“The Commission has done a thorough job of evaluating our request, and we are very pleased that they have found the Flint Creek retrofit to be in the public interest,” said Venita McCellon-Allen, SWEPCO President and Chief Operating Officer. “The Commission’s decision recognizes that the addition of new technology will allow Flint Creek to meet stringent new EPA regulations and continue providing reliable and affordable power to SWEPCO customers and Arkansas Electric Cooperative members.”

Pending the approval of environmental permits, SWEPCO expects construction of the retrofit equipment to begin in January 2014. To comply with multiple EPA regulations, SWEPCO will install controls for sulfur dioxide (SO<sub>2</sub>), nitrogen oxide (NO<sub>x</sub>), mercury and other hazardous air pollutants. The controls include a dry flue gas desulfurization system (DFGD), commonly known as a scrubber, to reduce SO<sub>2</sub> emissions; low NO<sub>x</sub> burners (LNB) and overfire air (OFA) to reduce NO<sub>x</sub> emissions; activated carbon injection (ACI) to reduce mercury emissions; and a fabric filter, commonly known as a baghouse, to filter particulate matter.

The estimated direct cost of the project is \$408 million. SWEPCO's 50 percent share is \$204 million.

The estimated cost impact for SWEPCO's Arkansas customers, beginning in 2017, would be an increase of approximately \$2.97 per month, or 3.85 percent for a residential customer using 1,000 kWh per month. For commercial customers, the increase would be approximately 3.87 percent. Cost recovery will be determined in a future proceeding at the APSC.

“This is a timely decision that will allow us to proceed with the project, improve air quality, maintain critical reliability in Northwest Arkansas, and preserve jobs, taxes and other economic benefits in Benton County,” McCellon-Allen said.

Flint Creek has 69 employees and an annual payroll of \$3.9 million. The project will create approximately 300 construction jobs at peak and 20 to 30 permanent jobs to operate the new equipment.

“The Commission’s decision recognizes the importance of Flint Creek as a base load power plant for Northwest Arkansas. It also reflects a place for coal in Arkansas’ energy future, continuing SWEPCO’s strategy of fuel diversity that avoids over-reliance on any one fuel to provide greater fuel cost stability for our customers,” McCellon-Allen said. SWEPCO’s generation fleet includes coal, lignite and natural gas units plus purchased power from wind projects.

As a base load plant, Flint Creek is necessary to meet customer demand and Southwest Power Pool reliability reserve requirements, as well as provide voltage support for the local transmission grid. Flint Creek has anchored the Northwest Arkansas grid since 1978.

SWEPCO filed its request Feb. 8, 2012. Evidentiary hearings were held Oct. 9-11, 2012, and March 28, 2013.

SWEPCO serves 520,400 retail customers in three states, including 113,700 in western Arkansas, 225,700 in northwest and central Louisiana and 181,000 in north and eastern Texas.

Flint Creek co-owner AECC provides wholesale electricity to Arkansas’ 17 electric distribution cooperatives. The cooperatives serve almost 500,000 members in Arkansas.

American Electric Power is one of the largest electric utilities in the United States, delivering electricity to more than 5 million customers in 11 states. AEP ranks among the nation’s largest generators of electricity, owning nearly 38,000 megawatts of generating capacity in the U.S. AEP also owns the nation’s largest electricity transmission system, a nearly 39,000-mile network that includes more 765-kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP’s transmission system directly or indirectly serves about 10 percent of the electricity demand in the Eastern Interconnection, the interconnected transmission system that covers 38 eastern and central U.S. states and eastern Canada, and approximately 11 percent of the electricity demand in ERCOT, the transmission system that covers much of Texas. AEP’s utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). AEP’s headquarters are in Columbus, Ohio.

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