



Public Service Commission Of West Virginia

201 Brooks Street P.O. Box 812 Charleston, WV 25323 www.psc.state.wv.us

Contact: Martina Bills, 304/340-0836, mbills@psc.state.wv.us

For Immediate Release

June 30, 2011

PSC grants cost recovery to APCo/WPCo and approves proposed purchase of Dresden Power Plant

The Public Service Commission of West Virginia (PSC) today approved a \$98.7 million rate increase for Appalachian Power Company (APCo) and Wheeling Power Company (WPCo) based on the annual review and update to the Company's Expanded Net Energy Cost (ENEC). This is the third year of a four year "true-up" to allow APCo/WPCo to recover an accumulated under-recovery of costs resulting from an unprecedented spike in coal prices, and the decline in sales of electricity because of the sagging economy. In an ENEC case, customer rates are adjusted to true-up recovery of actual fuel costs, purchased power and net purchased transmission costs and revenue for the previous year and to reflect projected changes in the utility's cost of fuel and purchased power for the year ahead. The ENEC process does not involve the recovery of profit, rate of return on investment, or salaries and wages.

The order allows a total annual increase of \$98.7 million, or 7.9 percent. A typical residential customer using 1,000 kWh of electricity per month could expect an increase on their monthly bill of approximately \$6.40, from \$90.94 to \$97.34, or approximately 7 percent.

The Commission's Order also approves APCo's proposed purchase of a combined cycle gas-fired power plant located near Dresden, Ohio, but did not allow any rate component for the

projected cost of the plant at this time. The Commission anticipates an estimated \$14 million net annual reduction in costs for West Virginia customers from the purchase of the Dresden Plant.

AEP serves 439,994 customers in Boone, Brooke, Cabell, Clay, Fayette, Greenbrier, Jackson, Kanawha, Lincoln, Logan, Marshall, Mason, McDowell, Mercer, Mingo, Monroe, Nicholas, Ohio, Putnam, Raleigh, Roane, Summers, Wayne, and Wyoming Counties.

More information may be obtained by accessing the Commission website, www.psc.state.wv.us, and referencing Case Numbers 11-0265-E-PC and 11-0274-E-GI.

###