AMERICAN® ELECTRIC POWER

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American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
AEP.com

March 25, 2014

Mr. Christopher Beekman
Ohio Environmental Protection Agency, DAPC
Lazarus Government Center
P.O. Box 1049
Columbus, OH 43216-1049

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Muskingum River Plant Unit 5

Dear Mr. Beekman:

On February 16, 2012, U.S. EPA published notice of final regulations under Section 112(d) of the Clean Air Act for electric generating units (EGUs), including several units owned by AEP Generation Resources (AEPGR as successor to Ohio Power Company) in this state. The regulations (commonly referred to as the Mercury and Air Toxics Standards or MATS) adopt stringent limits for particulate matter, hydrochloric acid, and mercury on a 30-day rolling average basis for each unit. Many of AEPGR's units are already equipped with the necessary controls to achieve the standards, or can be upgraded or alter their operations within the three-year compliance schedule so that the standards can be met. However, for AEPGR's Muskingum River Plant Unit 5, investments of the scale necessary to achieve compliance with these limits are impractical due the age, condition, and economic potential of the unit.

AEPGR has therefore elected to retire the unit, and has provided notice of its future deactivation to PJM Interconnection, L.L.C. (PJM), as required by the conditions of the PJM tariffs under which it operates. A copy of that notification is enclosed as Attachment A. PJM has studied the impacts of this unit's retirement on the integrity of the electricity grid, and determined that violations of certain FERC-approved reliability criteria will occur under various contingency circumstances as a result of the retirement. A copy of PJM's correspondence to us containing the results of its analysis is attached as Attachment B.

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Muskingum River Plant Unit 5

When we provided notice to PJM of this impending retirement, we specified a retirement date of June 1, 2015, consistent with the commitment made to PJM in March of 2011. PJM has a forward capacity market under which each load serving entity (each utility company in Ohio) is required to declare its intent to either: (1) meet its native load obligations under a Fixed Resource Requirement (FRR) plan and declare the generating units and other resources that will be made available to serve the projected load; or (2) participate in the Resource Pricing Model (RPM) capacity auction, through which future capacity charges are established for the resources necessary to serve the projected load. The RPM capacity market auction occurs each May for planning years beginning three years in advance. Therefore, in March of 2011, prior to the May 2011 auction and prior to the proposal of the MATS rule by U.S. EPA, Ohio Power declared its FRR status and included Muskingum River Plant's Unit 5 in the capacity plan filed with PJM. The 2011 plan was for the three-year planning period ending May 31, 2015.

The final MATS rule has a compliance deadline of April 16, 2015. AEPGR is seeking an extension of the compliance schedule, including all related performance testing, recordkeeping and reporting requirements, and all applicable compliance dates set forth in 40 CFR Part 63, Subparts UUUUU and the applicable general requirements in Subpart A, for the retiring unit at the Muskingum River Plant (Unit 5) in order to fulfill its FRR contractual commitment for the 2014-2015 planning year. This extension (to June 1, 2015) would allow for the full period analyzed by PJM to be available to address the reliability contingencies identified in their response to our notification of the deactivation of these units. This limited extension of 45 days will not only provide all of the time necessary to address the electric reliability violations identified by PJM in its letter, but also assure that maximum flexibility is preserved during the spring outage season in 2015 to plan the necessary outages to tie-in control equipment necessary at other units to comply with the MATS rule.

Ohio EPA is authorized to grant the requested extension under Section 112(i)(3)(B) of the Clean Air Act, 42 U.S.C. § 4212(i)(3)(B), and the general provisions of Part 63. 40 CFR § 63.6(i)(3). For the unit included in this request, deactivation is the MATS compliance strategy, and the extension will provide sufficient time to complete construction of the additional transmission facilities necessary to deactivate the unit without risk of committing the reliability violations identified by PJM, and provide the flexibility to dispatch this generating asset during the outages of other units where pollution control installations or replacement generation are being constructed in order to

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Muskingum River Plant Unit 5

comply with MATS and other environmental obligations. The requested extension is consistent with U.S. EPA's discussion of the range of circumstances that might trigger a need for additional time to comply in the preamble to the final MATS rule in the *Federal Register*. 77 Fed. Reg. 9410-12 (February 16, 2012).

We cannot precisely predict the level of operation that may occur during this limited period, but Muskingum River Unit 5 has frequently been called upon to operate at minimum loads during capacity shortages in this PJM region in order to provide voltage regulation and other grid support services, and may be required to do so during this period as well. We have proactively planned and taken the necessary steps to assure that all reliability improvements on the AEP system to address the reliability violations identified by PJM are planned to be in service by June 1, 2015. However, the number and location of retirements and outage needs on other systems is not yet fully known, and may necessitate further adjustments of these dates.

In addition, we cannot predict the impact of other actions on the time needed to comply. For instance, additional deactivations, delays in the installation of controls or construction of replacement generation, permitting delays, work stoppages, lack of raw materials or skilled labor could occur that will affect the availability of technologies required for compliance with the rule. In such circumstances, a further extension may be required. By requesting this limited extension based on known commitments and obligations, AEPGR does not waive its right to request an additional extension for one or more of these units in accordance with applicable law.

We appreciate your prompt response, and are available to meet with you to discuss this request and the enclosed supporting information. Please contact John Hendricks of my staff at (614) 716-1238 to arrange a meeting date.

Very truly yours,

John M. McManus
Vice President
Environmental Services Division

Enclosures

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Muskingum River Plant Unit 5

c: Mark Runyon
John C. Hendricks
Janet Henry
Daniel L. Snyder

Nathan J. Long – Muskingum River Plant

AMERICAN ELECTRIC POWER

American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
AEP.com

August 14, 2013

Mr. Christopher Beekman
Ohio Environmental Protection Agency, DAPC
Lazarus Government Center
P.O. Box 1049
Columbus, OH 43216-1049

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Ohio Power Units

Dear Mr. Beekman:

On February 16, 2012, U.S. EPA published notice of final regulations under Section 112(d) of the Clean Air Act for electric generating units (EGUs), including several units owned by Ohio Power Company in this state. The regulations (commonly referred to as the Mercury and Air Toxics Standards or MATS) adopt stringent limits for particulate matter, hydrochloric acid, and mercury on a 30-day rolling average basis for each unit. Many of Ohio Power's units are already equipped with the necessary controls to achieve the standards, or can be upgraded or alter their operations within the three-year compliance schedule so that the standards can be met. For many units, however, investments of the scale necessary to achieve compliance with these limits are impractical due the age, condition, and economic potential of the units.

For these units, Ohio Power has elected to retire the units, and has provided notice of the future deactivation of these units to PJM Interconnection, L.L.C. (PJM), as required by the conditions of the PJM tariffs under which it operates. A copy of that notification is enclosed as Attachment A. PJM has studied the impacts of these unit retirements on the integrity of the electricity grid, and determined that violations of certain FERC-approved reliability criteria will occur under various contingency circumstances as a result of the retirements. A copy of PJM's correspondence to us containing the results of its analysis is attached as Attachment B.

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Ohio Power Units

When we provided notice to PJM of the impending retirements, we specified a retirement date of June 1, 2015, consistent with the commitments made to PJM in March of 2011. PJM has a forward capacity market under which each load serving entity (each utility company in Ohio) is required to declare its intent to either: (1) meet its native load obligations under a Fixed Resource Requirement (FRR) plan and declare the generating units and other resources that will be made available to serve the projected load; or (2) participate in the Resource Pricing Model (RPM) capacity auction, through which future capacity charges are established for the resources necessary to serve the projected load. The RPM capacity market auction occurs each May for planning years beginning three years in advance. Therefore, in March of 2011, prior to the May 2011 auction and prior to the proposal of the MATS rule by U.S. EPA, Ohio Power declared its FRR status and included all of the retiring units in the capacity plan filed with PJM. The 2011 plan was for the three-year planning period ending May 31, 2015.

The final MATS rule has a compliance deadline of April 16, 2015. Ohio Power is seeking an extension of the compliance schedule, including all related performance testing, recordkeeping and reporting requirements, and all applicable compliance dates set forth in 40 CFR Part 63, Subparts UUUUU and the applicable general requirements in Subpart A, for the retiring units at the Muskingum River Plant (Units 1-4) and Picway Unit 5 in order to fulfill its FRR contractual commitment for the 2014-2015 planning year. This extension would allow for the full period analyzed by PJM to be available to address the reliability contingencies identified in their response to our notification of the deactivation of these units. This limited extension of six weeks will not only provide all of the time necessary to address the electric reliability violations identified by PJM in its letter, but also assure that maximum flexibility is preserved during the spring outage season in 2015 to plan the necessary outages to tie-in control equipment necessary at other units to comply with the MATS rule.

Ohio EPA is authorized to grant the requested extension under Section 112(i)(3)(B) of the Clean Air Act, 42 U.S.C. § 4212(i)(3)(B), and the general provisions of Part 63. 40 CFR § 63.6(i)(3). For the units included in this request, deactivation is the MATS compliance strategy, and the extension will provide sufficient time to complete construction of the additional transmission facilities necessary to deactivate the units without risk of committing the reliability violations identified by PJM, and provide the flexibility to dispatch these generating assets during the outages of other units where pollution control installations or replacement generation are being constructed in order to comply with MATS and other environmental obligations. The requested extension is

Re: Request for Limited Extension of MACT Compliance Date
For Retiring Ohio Power Units

consistent with U.S. EPA's discussion of the range of circumstances that might trigger a need for additional time to comply in the preamble to the final MATS rule in the *Federal Register*. 77 Fed. Reg. 9410-12 (February 16, 2012).

We cannot precisely predict the level of operation that may occur during this limited period, but Muskingum River Units 1-4 have frequently been called upon to operate at minimum loads during capacity shortages in this PJM region in order to provide voltage regulation and other grid support services, and may be required to do so during this period as well. We have proactively planned and taken the necessary steps to assure that all reliability improvements on the AEP system to address the reliability violations identified by PJM are planned to be in service by June 1, 2015. However, the number and location of retirements and outage needs on other systems is not yet fully known, and may necessitate further adjustments of these dates.

In addition, we cannot predict the impact of other actions on the time needed to comply. For instance, additional deactivations, delays in the installation of controls or construction of replacement generation, permitting delays, work stoppages, lack of raw materials or skilled labor could occur that will affect the availability of technologies required for compliance with the rule. In such circumstances, a further extension may be required. By requesting this limited extension based on known commitments and obligations, Ohio Power does not waive its right to request an additional extension for one or more of these units in accordance with applicable law.

We appreciate your prompt response, and are available to meet with you to discuss this request and the enclosed supporting information. Please contact John Hendricks of my staff at (614) 716-1238 to arrange a meeting date.

Very truly yours,

John C Hendricks (for John McManus)

John M. McManus
Vice President
Environmental Services Division

Enclosures

Exhibit A

AMERICAN ELECTRIC POWER

American Electric Power
1 Riverside Plaza
Columbus, OH 43215-2373
AEP.com

Mark C. McCullough
Executive Vice President Generation

David Schweizer
Manager, Generation, Operations Support
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

March 16, 2012

Re: Retirement Notification for American Electric Power Units

Dear Mr. Schweizer:

Pursuant to Section 113.1 of the PJM Open Access Transmission Tariff ("PJM Tariff"), and in accordance with Section 9 of PJM Manual 14D, American Electric Power Service Corporation ("AEPSC"), as agent for the operating company affiliates of AEPSC owning generation in PJM (collectively, the "AEP East Companies"),[1] hereby submits notice of the Deactivation of the following units owned by the AEP East Companies:

Unit	Owner	MW (nominal)	Deactivation Date	Status
Conesville 3	AEP	165	12/31/2012	Retired
Beckjord 6	AEP[2]	54	06/01/2015	Retired
Big Sandy 1	AEP	278	06/01/2015	Retired
Clinch River 3	AEP	235	06/01/2015	Retired
Glen Lyn 5	AEP	95	06/01/2015	Retired
Glen Lyn 6	AEP	240	06/01/2015	Retired
Kammer 1	AEP	210	06/01/2015	Retired
Kammer 2	AEP	210	06/01/2015	Retired
Kammer 3	AEP	210	06/01/2015	Retired
Kanawha River 1	AEP	200	06/01/2015	Retired

[1] Appalachian Power Company ("APCo"), Indiana Michigan Power Company ("I&M"), Kentucky Power Company ("KPCo") and Ohio Power Company ("OPCo"). Effective December 31, 2011, Columbus Southern Power Company merged with and into Ohio Power, with Ohio Power being the surviving company, pursuant to an internal reorganization transaction approved by the Federal Energy Regulatory Commission.

[2] AEP owns 12.5% of the 434MW Beckjord 6 unit. Dayton Power&Light owns 50% and Duke Energy owns 37.5%.

Kanawha River 2	AEP	200	06/01/2015	Retired
Muskingum River 1	AEP	205	06/01/2015	Retired
Muskingum River 2	AEP	205	06/01/2015	Retired
Muskingum River 3	AEP	215	06/01/2015	Retired
Muskingum River 4	AEP	215	06/01/2015	Retired
Picway 5	AEP	100	06/01/2015	Retired
Sporn 1	AEP	150	06/01/2015	Retired
Sporn 2	AEP	150	06/01/2015	Retired
Sporn 3	AEP	150	06/01/2015	Retired
Sporn 4	AEP	150	06/01/2015	Retired
Tanner Creek 1	AEP	145	06/01/2015	Retired
Tanner Creek 2	AEP	145	06/01/2015	Retired
Tanner Creek 3	AEP	205	06/01/2015	Retired

Conesville 3 is being retired pursuant to a court-ordered consent decree that mandates the retirement of that unit on or before December 31, 2012. The remaining units will be retired due to the impact of the recently promulgated Cross-State Air Pollution Rule (CSAPR) and the Utility Mercury and Air toxics Standards (MATS). For these units, the Deactivation Dates specified in the table above are the estimated retirement dates of each unit. The final retirement dates of those units will be determined based on the implementation of CSAPR and MATS.

The listed units are being retired in order to comply with federal environmental regulations or court orders. The applicable amount of investment that would be required to keep the units in or return the units to operation is several hundred million dollars per unit, well above the cost of constructing a new combustion turbine plant under today's estimated values. Further, there is no estimated time period that any of these units would be required to be out of service for repairs or other modifications.

OPCo does not plan on offering any of the OPCo units into the upcoming RPM Base Residual Auction for PJM planning year 2015/16.

AEPSC notes that, pursuant to Section 113.2 of the PJM Tariff, within 30 days of the receipt of this notice, PJM is required to notify AEPSC of any reliability impacts resulting from the proposed unit retirements specified herein and to provide an initial estimate of the period of time it will take to complete any transmission system reliability upgrades necessary to alleviate the reliability impacts. In such case, AEPSC will review whether to extend the retirement dates consistent with maintaining the transmission system reliability in accordance with the PJM Tariff.

We are also providing a copy of this notice to the Market Monitoring Unit. If you have any questions, please contact Daniel Snider, Managing Director Regulatory Services, at 614-716-5816 or dlsnider@aep.com.

Very truly yours,

Mark McCullough
Executive Vice President, Generation
American Electric Power Service Corporation

cc: Joseph Bowring
Monitoring Analytics
2621 Van Buren Avenue, Suite 160
Eagleville, PA 19403

Exhibit B

955 Jefferson Ave,
Valley Forge Corporate Center
Norristown, PA 19403-2497

Michael J. Kormos
Senior Vice President - Operations

April 19, 2012

Mark McCullough
Executive Vice President, Generation
American Electric Power Service Corporation
1 Riverside Plaza
Columbus, OH 43215-2373

Re: Deactivation Request for Multiple AEP Generating Unit

Dear Mr. McCullough,

This letter is submitted on behalf of PJM Interconnection, L.L.C. ("PJM"), in response to the Retirement Notification submitted on behalf of AEP East Companies, dated March 16, 2012 and received at PJM on March 22, 2012, requesting to deactivate the following generators located in the PJM region: Big Sandy No. 1, Clinch River No. 3, Glen Lyn Nos. 5 and 6, Kammer Nos. 1, 2 and 3, Kanawha River Nos. 1 and 2, Muskingum River Nos. 1, 2, 3 and 4, Picway No. 5, Sporn Nos. 1, 2, 3 and 4 and Tanner Creek Nos. 1, 2 and 3, effective June 1, 2015.

In accordance with section 113.2 of the PJM Tariff, this letter will serve to notify you that the Deactivation of the above mentioned generating units will adversely affect the reliability of the PJM Transmission absent upgrades to the Transmission System.

PJM Interconnection Analysis (and the affected Transmission Owners) performed a preliminary study of the Transmission System and found multiple reliability concerns resulting from the deactivation of these generating units. A summary of the identified reliability impacts resulting from the proposed Deactivations include:

Generator Deliverability study:

- The following table shows the number of facilities which have been found with violations for various contingencies:

KVs	Total
23/23	1
138/69	1
138/138	27
138/69	1
345/138	6
345/345	2
500/138	2
500/500	1
69/69	16

N-1 Common Mode Voltage study:

- **N-1 Voltage Magnitude Test:**

  There are 6 138 kV Buses having voltage low issue.

- **N-1 Voltage Magnitude Test:**

  There are 14 138 kV Buses having voltage drop issue.

N-1-1 Thermal and Voltage study:

- **N-1-1 Voltage Magnitude Test:**

  The following table shows the number of facilities which have been found with violations for various contingencies:

KV	Total
138	200
500	1

- **N-1-1 Voltage Drop Test:**

  The following table shows the number of facilities which have been found with violations for various contingencies:

KV	Total
138	79
161	3
345	1

- **N-1-1 Thermal**

  The following table shows the number of facilities which have been found with violations for various contingencies:

KVs	Total
115/115	2
138/138	75
161/161	1
230/500	1
345/138	7

345/345	1
500/138	2
69/69	2

- **N-1-1 Non-Converged :**

  There are 111 pairs of contingencies with non-converged results.

Load Deliverability Thermal & Voltage study:

- Case diverged with contingency '5963_B2_TOR179_WOMOAB'.

PJM and the affected Transmission Owners estimate that it will take approximately three years to complete the Transmission System upgrades necessary to alleviate the identified reliability impacts. This estimated timeframe of second quarter 2015, to complete the required reliability upgrades, would have them in-service prior to AEP's proposed Deactivation Date of June 1, 2015. PJM continues to work with the affected Transmission Owner Zones to finalize the details of the required upgrades, including a more specific completion date.

Regardless of whether Deactivation of a generating unit would adversely impact the reliability of the Transmission System, the Generation Owner may deactivate its generating unit, subject to section 113.1 notice requirements.

Please be advised that PJM's deactivation analysis does not supersede any outstanding contractual obligations between these proposed deactivated generating units and any other parties that must be resolved before deactivating the generating units.

Also please note that in accordance with the PJM Tariff Part VI, Subpart C, a Generation Owner will lose the Capacity Interconnection Rights associated with a deactivated generating unit one year from the Deactivation Date unless the holder of such rights submits a new Generation Interconnection Request within one year after the Deactivation Date.

In addition, if a generating unit is receiving Schedule 2 payments for Reactive Supply and Voltage Control, the generating unit owner must inform PJM when the unit is deactivated so that an adjustment in those payments can be made.

Please contact Bill Patzin (610-666-4698) (patziw@pjm.com) in PJM's Interconnection Coordination Department or Pauline Foley (610-666-8248) (foleyp@pjm.com) in PJM's Legal Department to discuss the next steps for this proposed Deactivated generating unit, or if you have any questions about the PJM analysis.

Very truly yours,

Michael J. Kormos

cc: Joseph Bowring {Joseph.Bowring@monitoringanalytics.com}
Daniel Snider, AEP, Managing Director Regulatory Services {dlsnider@aep.com}

DOCS #: 696509