

# Where to From Here?

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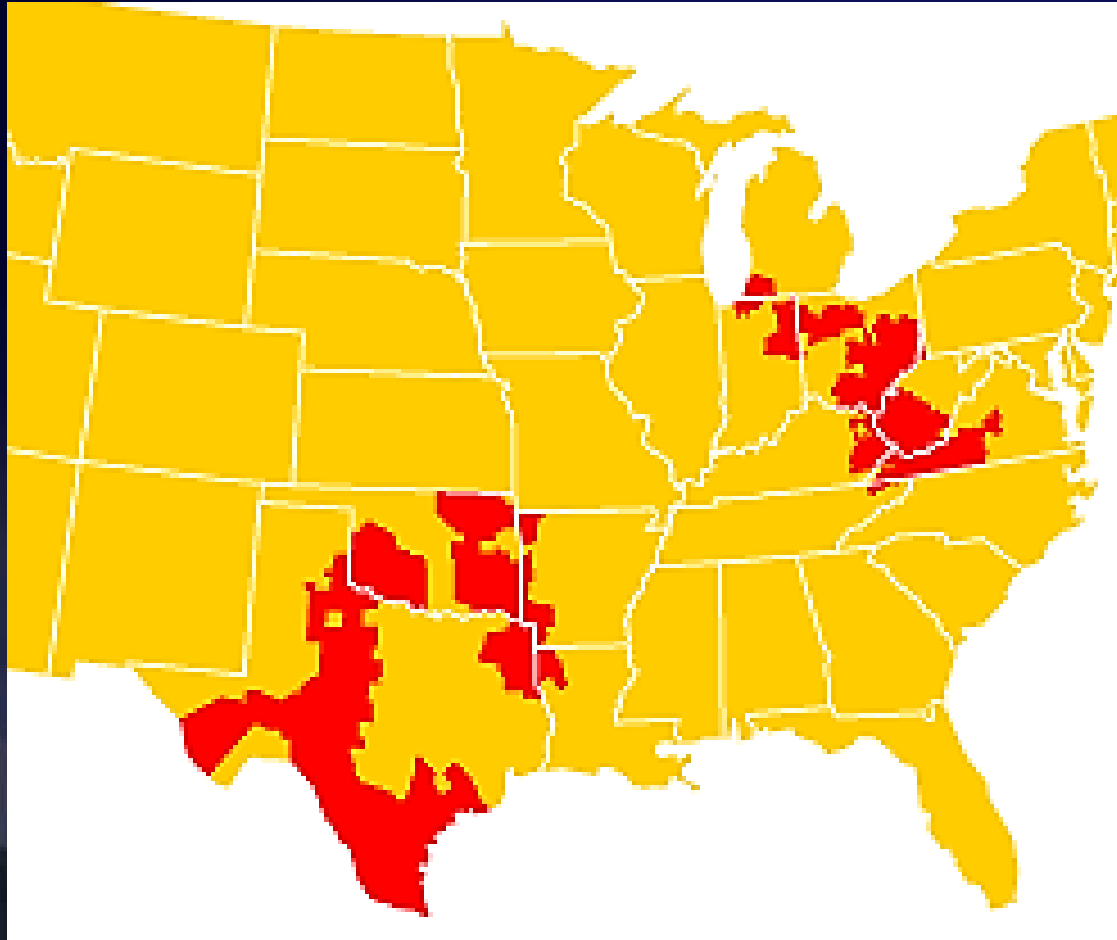
## Governor's Energy Summit Stonewall Jackson Resort

Charles Patton, President & COO, Appalachian Power

December 6, 2011



# AEP's Footprint



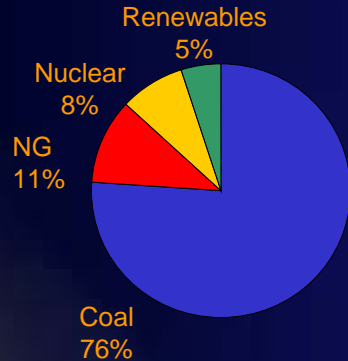
Eastern &  
Western  
Territories

**AEP** APPALACHIAN  
POWER®

# AEP Generation Capacity

## East Capacity – 27,253 MW

AEP Ohio, APCo, I&M, AEG, KPCo, Wind, Solar, Hydro

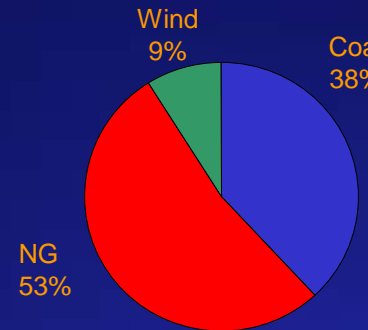


### Coal Source

NAPP	46%
CAPP	30%
PRB	22%
Others	2%

## West Capacity – 11,677 MW

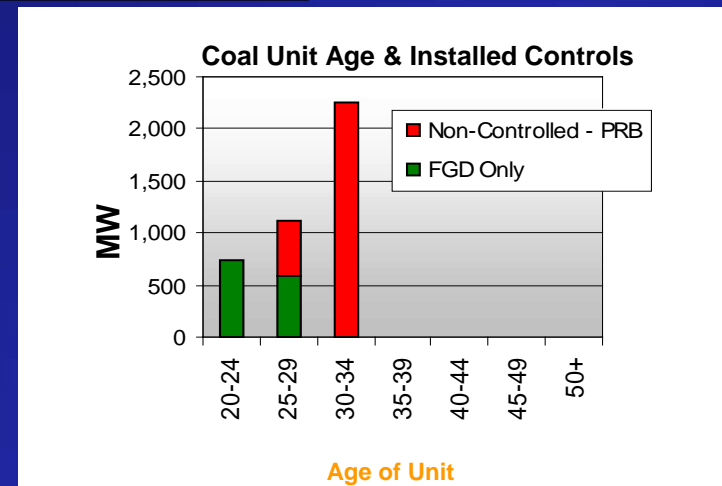
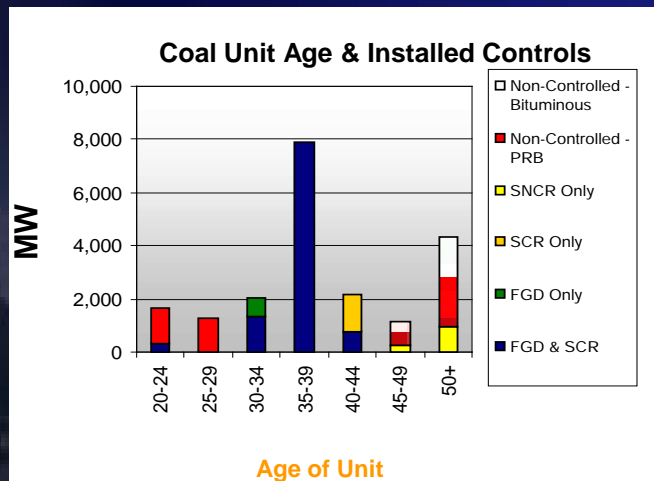
PSO, SWEPCO, TNC, Wind



### Coal Source

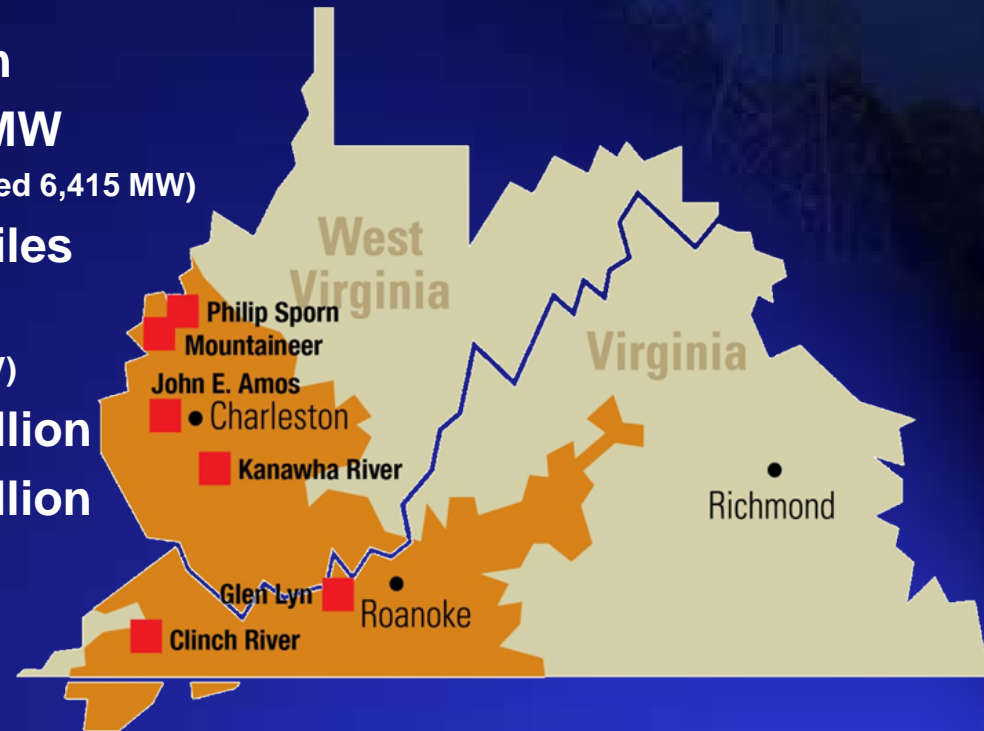
PRB	75%
Lignite	25%

Total coal generation: 25,150 MW



# Appalachian Power

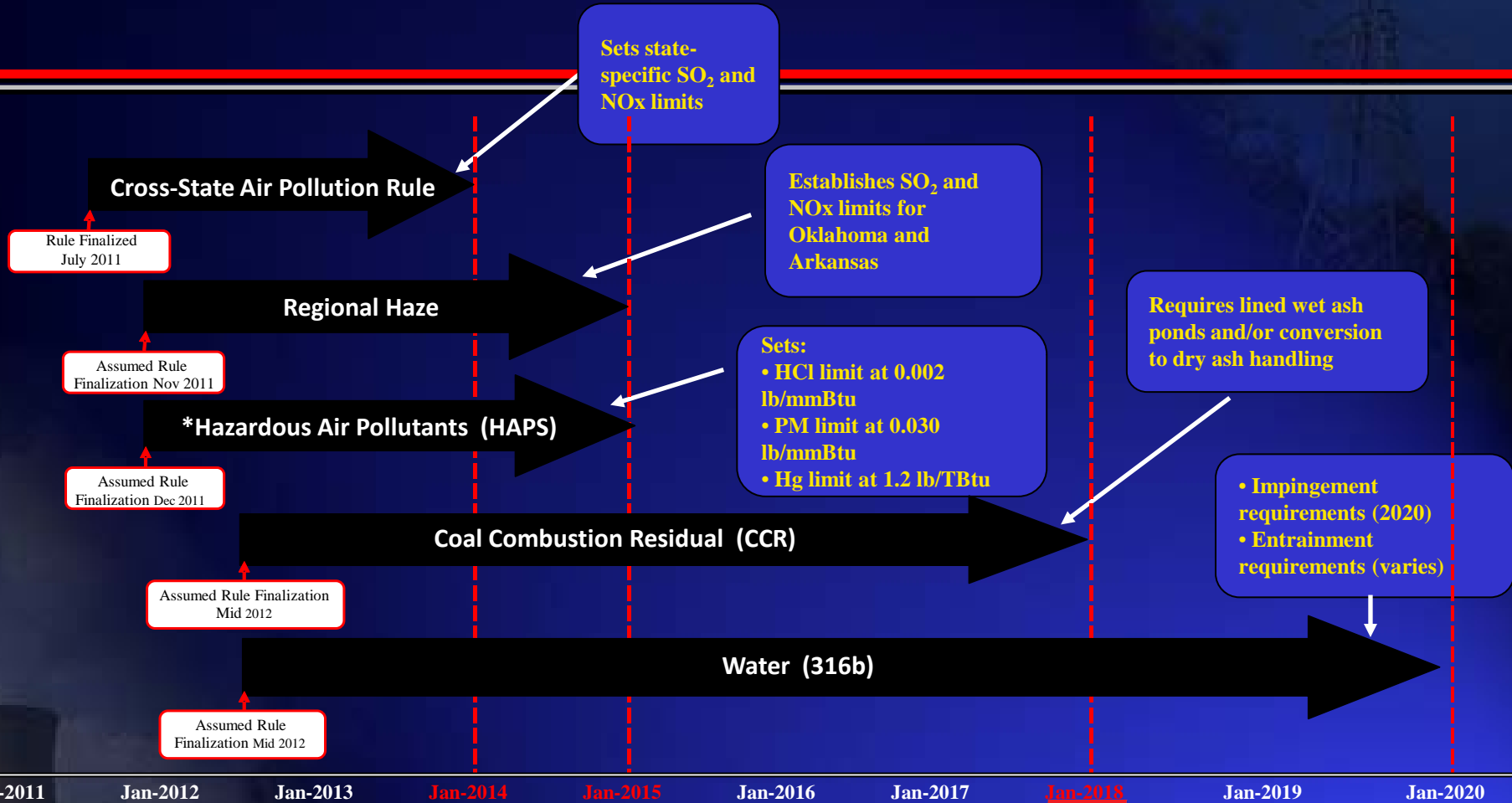
- Total Customers 1 million
- Generation 9018.1 MW  
(APCo Owned 6,415 MW)
- Service Area Size 9,195 miles
- AEP Employees 3,489  
(2,439 in WV)
- WV Wages \$199 million
- WV State & Local Taxes \$135 million



# Pressure on Coal-Fired Generation

- Environmental regulations
  - Cheap, abundant natural gas
  - Rising coal prices
- + Never-ending pressure to provide our service at the lowest possible cost

# New & Proposed EPA Rules



\* Units that will be retrofit are eligible for a one year compliance extension from the EPA

# Expected Unit Closures



## Philip Sporn

1050 MW; Central Appalachian

## Mountaineer

1300 MW; Central/Northern/Other

## John Amos

2900 MW; Central Appalachian

## Kanawha River

400 MW; Central Appalachian

## Clinch River

705 MW; Colorado

## Glen Lyn

335 MW; Central Appalachian

# Expected Unit Closures



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Conversion to Natural Gas

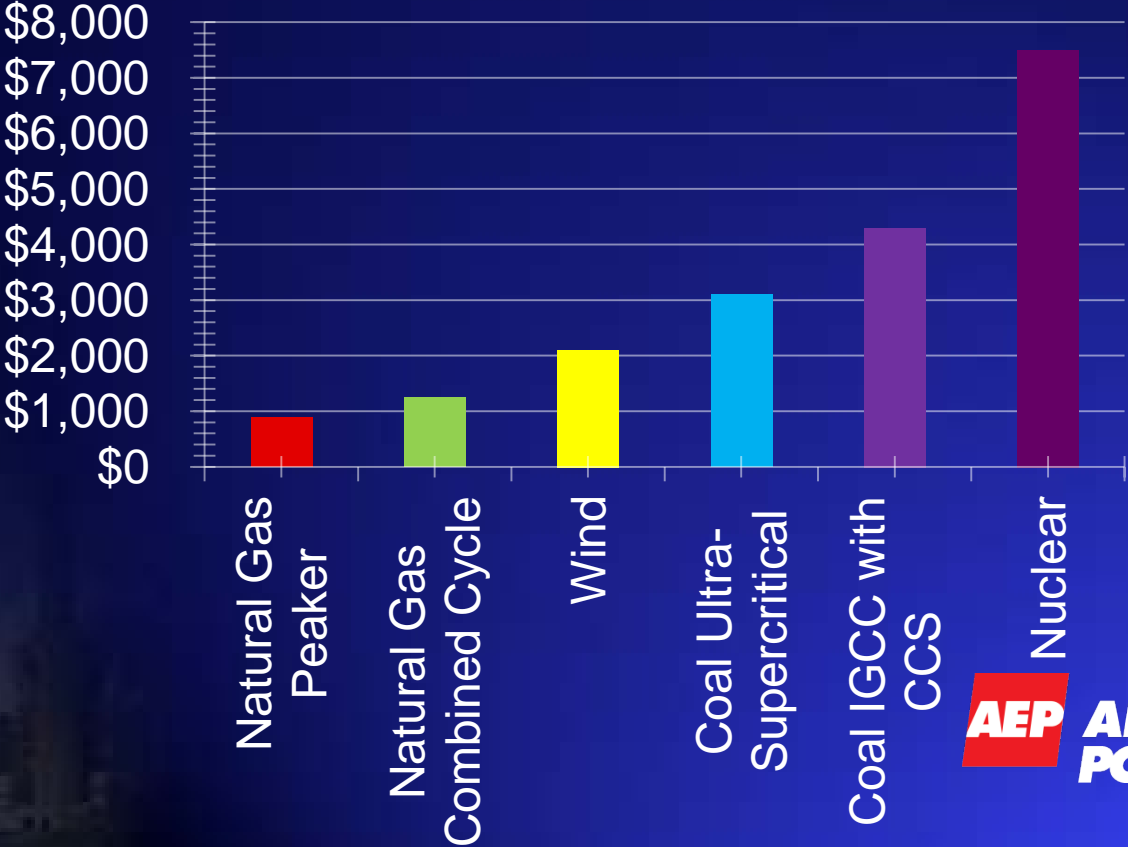
## Glen Lyn

335 MW; Central Appalachian



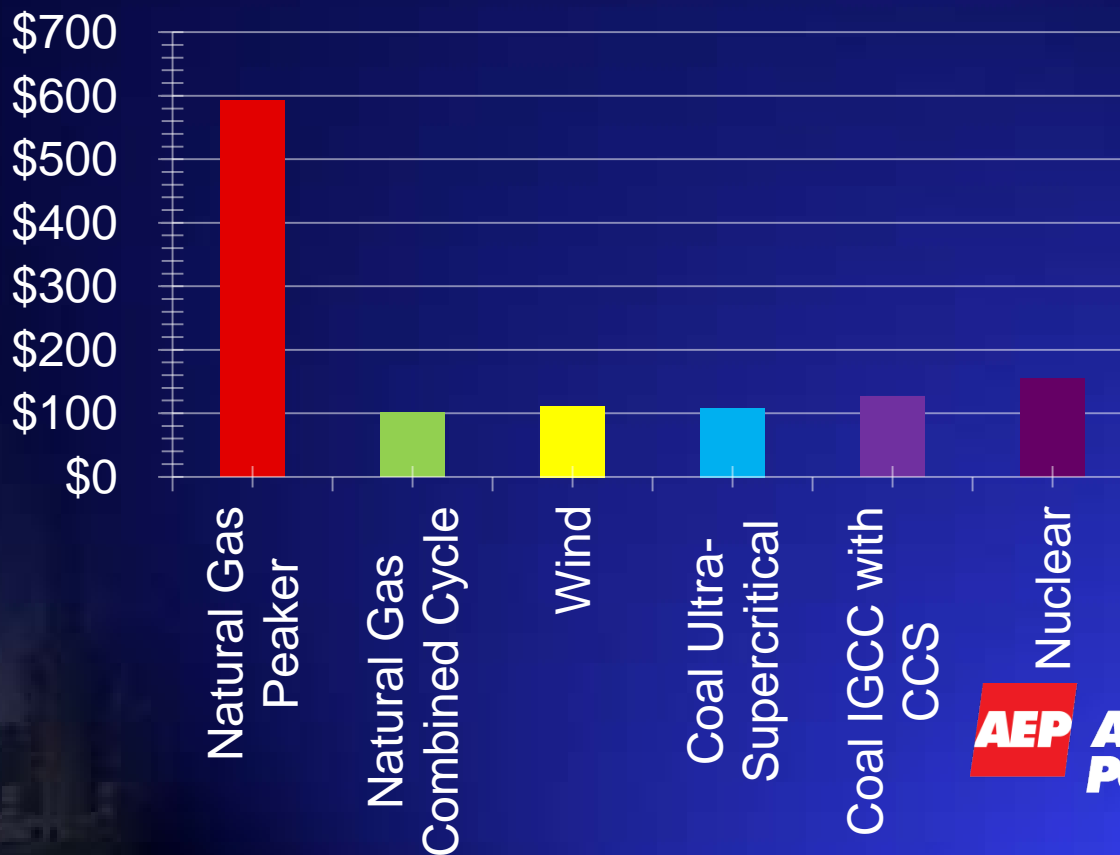
# Cost to Build

## Installation Cost Per kW

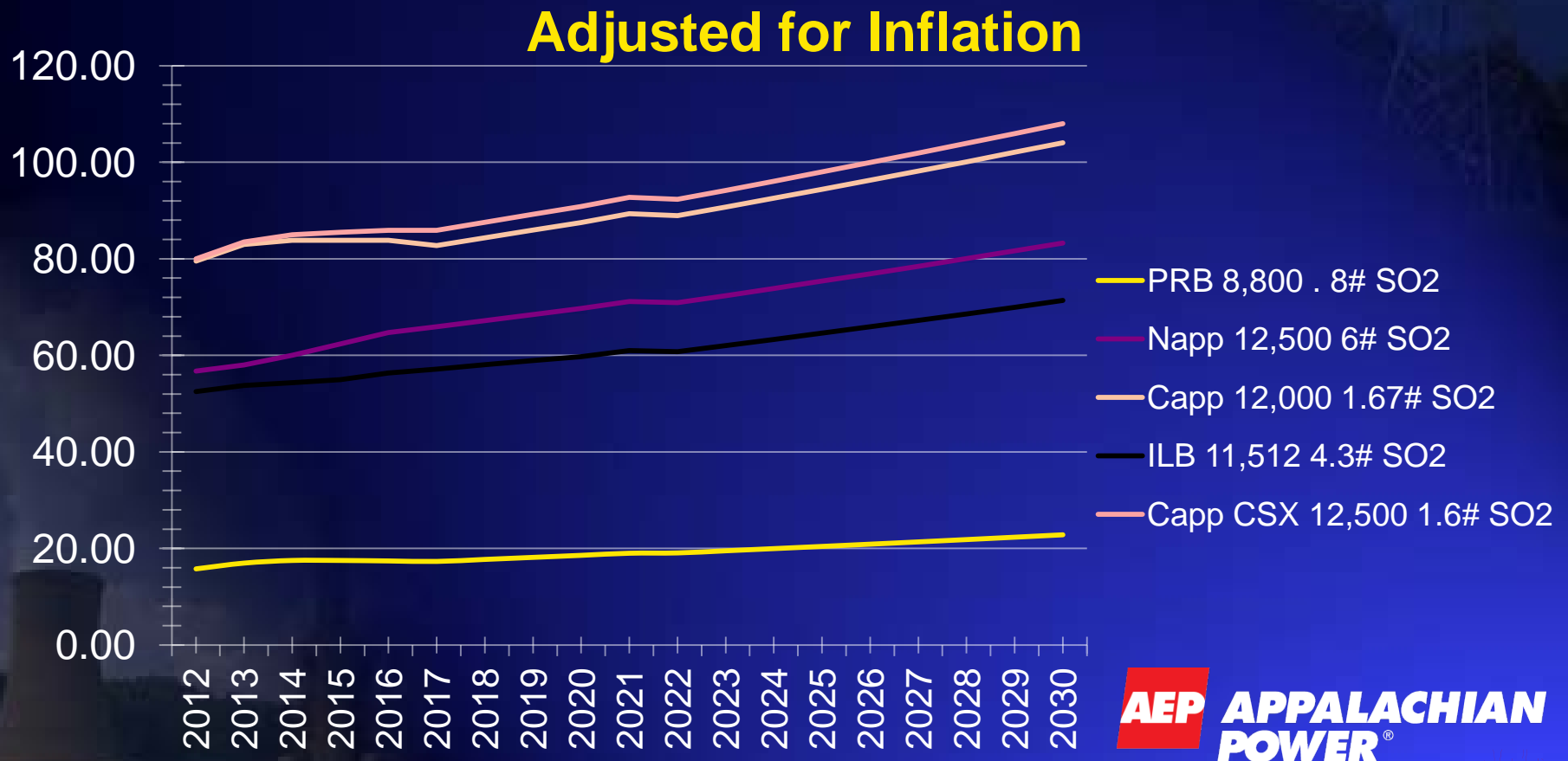


# Cost to Operate

## Cost of Electricity Per MWh

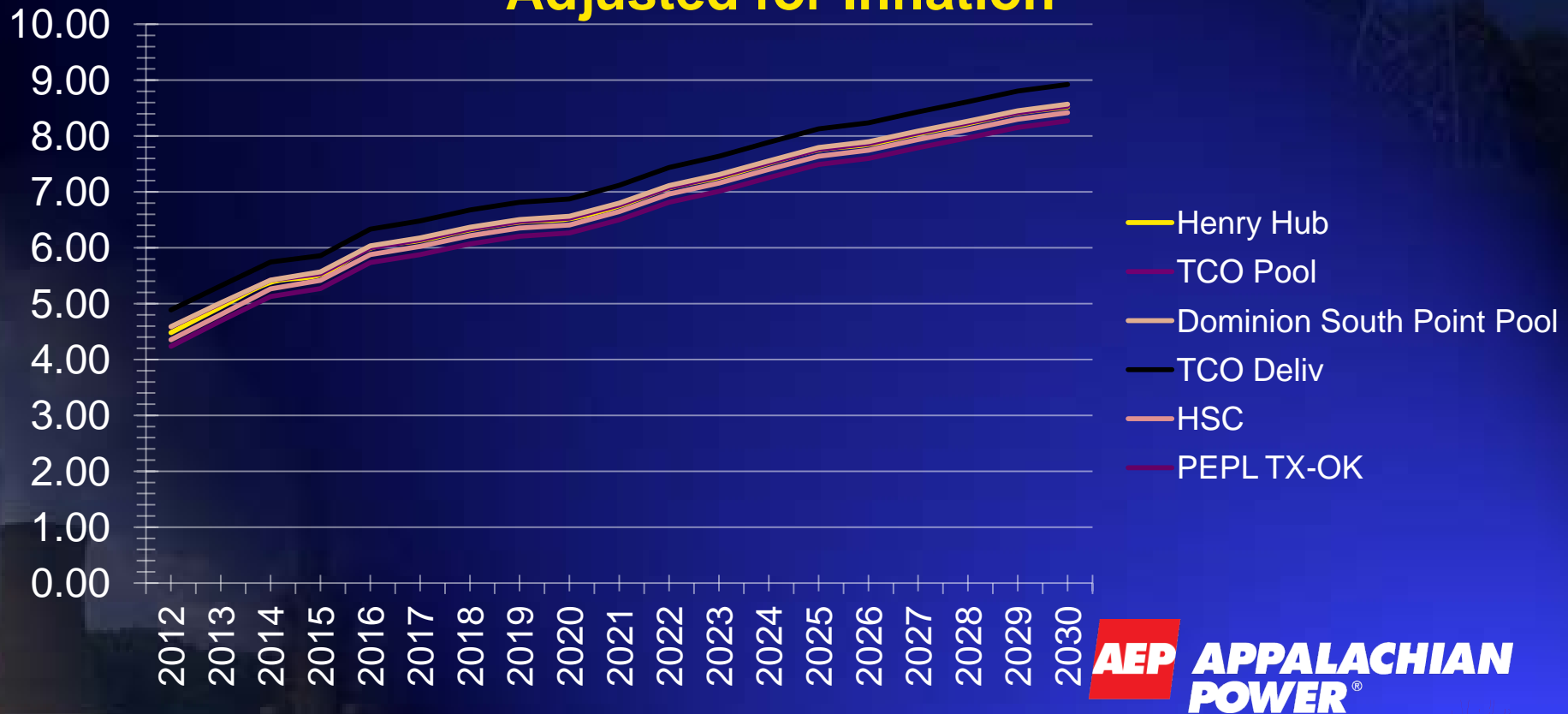


# Forecasted Coal Prices



# Forecasted Gas Prices

## Adjusted for Inflation



# Conclusion

- Price of electricity demands least-cost option
- APCo & AEP value coal and will continue with significant burn
- Natural gas is the transition fuel and virtually every new plant will be natural gas

# Questions?

[www.appalachianpower.com](http://www.appalachianpower.com)

