PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 16-1146-E-4435T

MONONGAHELA POWER COMPANY and
THE POTOMAC EDISON COMPANY

Joint application for modernization and improvements program for coal-fired boilers and implementation of an associated cost recovery surcharge component under the provisions of Enrolled Committee Substitute for House Bill 4435.

NOTICE OF FILING AND HEARING

On August 22, 2016, Monongahela Power Company and The Potomac Edison Company (Companies) filed an application for approval of a modernization and improvement plan (MIP) for coal-fired boilers at electric power plants under the provisions of Enrolled Committee Substitute for House Bill 4435 that was enacted during the 2016 regular session of the West Virginia Legislature, codified at W.Va. Code §24-2-1L (Act). The new Act authorizes the Public Service Commission of West Virginia to approve programs to modernize and improve coal-fired boilers involving the investment of capital and incurrence of certain expenses at power plants located in the state and owned, in whole or in part, by an electric utility, and expedited cost recovery of the incremental costs associated with such programs.

In its Application, the Companies propose to implement a MIP for their coal-fired boilers at the Harrison and Fort Martin Power Stations and an associated cost recovery surcharge component. The Companies supplemented its filing on September 27, 2016, to add two additional projects. As updated, the capital investment in plant placed in service for all the MIP projects is expected to be approximately $65 million in 2016 and $21 million in 2017. The overall proposed annual revenue associated with the MIP is approximately $7.4 million.

The MIP currently involves projects that will assist Fort Martin Power Station in complying with Mercury and Air Toxics Standards (MATS) air emission reduction requirements and Harrison Power Station in meeting MATS and Cross-State Air Pollution Rule 13 (CSAPR) requirements. These projects will improve electro-static precipitators, provide advanced technology for mercury and other toxics control, improve existing flue gas desulfurization equipment, enhance continuous emission monitoring, undertake boiler tuning, improve certain other existing controls, and improve the selective catalytic reduction system. Further details regarding the projects are included in the Application, which is on file and available for public inspection at the Commission's offices at 201 Brooks Street, Charleston, West Virginia, and which may be viewed on the Commission's website, www.psc.state.wv.us.

The Companies propose to recover costs associated with these investments through an additional increment within the base rate component of its rates. The Companies project that if the MIP and rate increment are approved as requested, the average monthly bill for their various classes of customers will be changed as follows:

Rate Schedule	Class	$Increase	%Increase
A & R	Residential	$0.00059/kWh	0.5%
B & G	General Svc	$0.00054/kWh	0.5%
C & E	General Svc	$0.18/kW	0.5%
CSH	Church & School	$0.00057/kWh	0.6%
D & PH	Large General Svc	$0.195/kW	0.5%
K & PP	Large Power Svc	$0.188kVA	0.6%
AGS	Alt Generation	$0.017/kW	0.6%
St Lighting	St Lighting	$0.00013/kWh	0.1%

The Companies estimate that for an average residential customer using 1,000 kilowatt-hours per month, the MIP rate increment will represent an increase of $0.59 per month. The increases shown above are based on averages of all customers in the indicated class. Each class may receive an increase greater or less than stated here. Individual customers may receive increases that are greater or less than average.

By Order dated October 5, 2016, the Commission set a procedural schedule, including a hearing date on the Application, if necessary, that will begin at 9:30 a.m. on February, 21, 2017, in the Howard M. Cunningham Hearing Room at the Commission's offices at 201 Brooks Street, Charleston, West Virginia. If no opposition to the Application is received by the Commission within one week of the hearing date, the hearing may be waived.

Anyone desiring to intervene should file a written petition to intervene within 20 days following the date of this publication unless otherwise modified by Commission order. All petitions to intervene should briefly state the reason for the request to intervene and comply with the rules on intervention set forth in the Commission's Rules of Practice and Procedure. The Commission will receive public comments until the beginning of the hearing. All written comments and petitions to intervene should state the case name and number and be addressed to Ingrid Ferrell, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323. Public Comments may also be filed online at http://www.psc.state.wv.us/scripts/onlinecomments/default.cfm by clicking the "Formal Case" link.

MONONGAHELA POWER COMPANY and
THE POTOMAC EDISON COMPANY

1c