



VIA EMAIL: Matthew.Kennington@tceq.texas.gov

October 11, 2024

Mr. Matthew Kennington
Texas Commission on Environmental Quality
Industrial Wastewater Permitting Team (MC 148)
12100 Park 35 Circle
Austin, TX 78753

**RE: Notice of Planned Participation – Final Annual Progress Report (2024)
Southwestern Electric Power Company
dba American Electric Power (AEP)
H.W. Pirkey Power Plant; Harrison County, TX
TPDES Permit No. 02496; EPA ID No. TX0087726**

Dear Mr. Kennington:

The Southwestern Electric Power Company (SWEPCO) hereby submits this Notice of Planned Participation (NOPP) Final Annual Progress Report for the H.W. Pirkey Power Plant (Pirkey) as required by 40 CFR 423.19(g)(3). This report details the completion of interim milestones listed in the NOPP, provides a narrative discussion of all completed, missed, or delayed milestones, and includes updated milestones.

As required by 40 CFR 257.103(f)(2)(viii), SWEPCO submitted a site-specific alternative for initiation of closure due to permanent cessation of a coal-fired boiler. The submission was placed in the Pirkey Plant operating record and posted to the CCR Rule Compliance Data and Information website. That submission anticipated that SWEPCO would cease coal combustion by March 31, 2023 in order to meet the CCR rule pond closure deadline of October 17, 2023. U.S. EPA deemed the submission under 40 CFR § 257.103(f)(2) complete on January 11, 2022.

Pursuant to 40 CFR 423.19(g)(4)(iv), AEP/SWEPCO certified that Pirkey ceased operation of its coal-fired boilers on March 31, 2023, and the bottom ash complex was closed by removal by October 17, 2023. A copy of the official retirement filing is enclosed. SWEPCO achieved the cessation of coal combustion by consuming all usable lignite located on-site and not restarting the generating unit. As such, please consider this the final NOPP annual progress report for Pirkey as it relates to coal combustion.

Interim Milestones	Completed/ Missed/ Delayed?	Narrative Discussion	Updated Milestone (if applicable)
Cessation of coal combustion by March 31, 2023	Completed.	As part of its CCR compliance program, SWEPCO submitted a site-specific alternative for initiation of closure due to permanent cessation of a coal-fired boiler. It anticipated that SWEPCO would cease coal combustion by March 31, 2023, in order to meet the CCR rule pond closure deadline of October 17, 2023.	Plant stopped coal combustion on March 31, 2023.
CCR pond closure by October 17, 2023	Closure Completed; Awaiting TCEQ Certification	Sluicing of bottom ash and all non-CCR wastewaters to the East Pond ceased on April 25, 2023 and all CCR material, plus one-foot of soil was removed from this pond by July 20, 2023. For the West Pond, sluicing of bottom ash and all non-CCR wastewaters ceased on March 30, 2022. All CCR material, plus one foot of soil was removed by July 26, 2022. Closure certification documentation to close the West and East Ponds has been submitted to TCEQ's Waste Permitting section and is pending approval.	Certification to close the East Pond has been submitted to TCEQ's Waste Permitting Section.

SWEPSCO does not waive, and expressly reserves, all rights or options available to it pursuant to 40 CFR Part 423, including 40 CFR 423.13(o)(1) (regarding transferring to another compliance option), 40 CFR 423.18 (regarding qualifying events) or any other provision of state or federal law that may apply.

"I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to assure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted is, to the best of my knowledge and belief: true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations."

Thank you for your attention to the aforementioned details. If you need additional information or have any questions regarding this request, please contact Emily Veteto at 214-777-1373 or via email at emmatlock@aep.com.

Sincerely,



Timothy Lohmer, PhD
Environmental Manager
Environmental Permit Services
American Electric Power

C: Thomas Starr, TCEQ
Derrick Taylor, Pirkey
Kathy Milenkovski, AEP Legal
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VIA: FEDERAL EXPRESS

Ms. Terri Lemoine Bordelon, Records Section
Louisiana Public Service Commission
Galvez Building, 12th Floor
602 North Fifth Street
Baton Rouge, LA 70802

In Re: SWEPCO Compliance Report Plant Retirement filing pursuant to General Order 10-19-2018

Dear Terri:

On behalf of Southwestern Electric Power Company (SWEPCO), through undersigned counsel, please find enclosed the original and requisite copies of the Compliance Report Notifying the Retirement of the Pirkey Power Plant, submitted in accordance with General Order 10-19-2018, along with exhibits, including confidential exhibits filed under seal in accordance with the Commission's Rules of Practice and Procedure.

Please return a stamp filed copy of this cover letter in the enclosed self addressed stamped envelope.

As always we appreciate your assistance

With best regards, I am

Yours very truly,

WILKINSON, CARMODY & GILLIAM

By:



Bobby S. Gilliam
Jonathan P. McCartney

JPM/mml
enclosure



DOCKET NO.:

BEFORE THE

LOUISIANA PUBLIC SERVICE COMMISSION

SOUTHWESTERN ELECTRIC POWER COMPANY'S COMPLIANCE REPORT
NOTIFYING THE RETIREMENT OF PIRKEY POWER PLANT

MAY IT PLEASE THE HONORABLE COMMISSION:

Pursuant to and in compliance with General Order 10-19-2018 of the Louisiana Public Service Commission ("LPSC" or "Commission") issued in Docket Number R-34407, Southwestern Electric Power Company ("SWEPCO" or the "Company") hereby submits and files its Compliance Report and supporting Confidential and Non-Confidential Exhibits to advise Commission Staff of its decision to retire the Pirkey Power Plant ("Pirkey" or the "Unit") from its generation fleet, effective April 1, 2023.

SWEPCO and American Electric Power (AEP) conducted unit disposition studies for Pirkey and other coal-fired facilities across the AEP footprint. Through those studies, attached as Confidential Exhibit 1, SWEPCO determined that retiring Pirkey was in the best interest of its customers. Additionally, in its Integrated Resource Plan ("IRP") processes in Louisiana and Arkansas, SWEPCO included the retirement of Pirkey in its modeling, with Louisiana Staff and Arkansas Staff, respectively, as well as respective Stakeholder involvement throughout the process. Accordingly, in its currently pending Louisiana IRP, filed in Louisiana Public Service Commission Docket No. I-36242, SWEPCO noted its plans to retire Pirkey in 2023 during the March 29, 2022 Louisiana IRP Stakeholder meeting. SWEPCO also previously identified the retirement of Pirkey in its Arkansas IRP filed in December 2021, after an extensive IRP review process with the involvement of stakeholders and Arkansas Staff in that proceeding. SWEPCO's careful evaluation of its generation needs, and its determination that the retirement of this older

plant with relatively higher forecasted costs of operation based largely on the high fixed costs at both the plant and Pirkey's fuel source, the Sabine mine, is in the best interest of ratepayers, SWEPCO hereby respectfully submits this Compliance Report. This Compliance Report is filed in accordance with the terms of General Order 10-19-2018, which sets forth the rationale and support for the decision to retire or deactivate the generating Unit no later than 120 days before implementing the decision, as set forth herein.

1. **A description of the unit (including, at a minimum, its location, age, ownership, net capacity, primary fuel type, and technology) and a history of its operating characteristics (including, at a minimum, heat rate, capacity factor and the number of hours the unit ran for each of the previous three years); planned, forced, and unforced outages of the unit that lasted longer than seven days from each of the previous five years, the reason for each, and any projected availability and forced outage rate for the unit for the next five years.**

Pirkey Power Plant

Located in Hallsville, Texas, Pirkey Unit 1 is a 675 MW Lignite-Coal fired Unit, that was first placed in service in 1985. The Unit is majority (86%) owned by SWEPCO, which is a subsidiary of AEP. From 2019 through 2021, Pirkey Unit 1's operating characteristics, including its heat rate, capacity factor, and service hours, were as follows:

Pirkey Unit 1 Operating Characteristics			
	2019	2020	2021
Heat Rate	10,750	11,417	11,187
Capacity Factor	51.94	36.88	45.49
Service Hours	5,647	5,382	5,335

Any planned, forced, and unforced outages for Pirkey Unit 1 that lasted seven days or longer for each of the previous five years, as well as the reasons for such outages, are listed in Confidential Exhibit 2.

2. **A clear statement as to whether the unit is to be deactivated or whether the unit is to be retired.**

With regards to the Pirkey Unit 1 retirement, this includes the boiler, turbine generator, emissions control equipment, coal yard and associated plant equipment, which will be retired. The land, the lake/cooling pond, electrical substation and transmission equipment are not being retired. Please see correspondence dated August 11, 2022, attached as Exhibit 3.

3. The planned retirement or deactivation date.

SWEPCO's intended effective date for the retirement of the Pirkey Unit 1 is April 1, 2023 at 12:01 AM.

4. Detailed information regarding the current condition of the unit, including any engineering assessment of the unit developed by or for the utility.

Detailed information regarding the current condition of the Pirkey Plant, including its operating history, is set forth in the attachments enclosed as Exhibit 4. This Unit has relatively higher costs of production, based largely on the high fixed costs at both the plant and Pirkey's fuel source: the Sabine mine. These forecasted costs show that continued operation is not an economically viable option, which supports the retirement of the Unit for the benefit of customers.

5. An economic analysis supporting the decision to deactivate or retire, including an analysis of whether any replacement of the retired or deactivated facility will be needed.

SWEPCO has conducted a unit disposition study for the Pirkey Plant, which is attached as Confidential Exhibit 1. The detailed analysis of SWEPCO's generation capacity needs as well as the recommended Preferred Plan as a part of the IRP process can be found in SWEPCO'S 2021 Arkansas IRP, including excerpts of that plan regarding the Pirkey retirement, is attached as Exhibit 5.

6. An analysis examining the decision to deactivate versus retire the unit or vice-versa.

A decision was made to retire the Unit, rather than deactivate the same, given the relatively higher forecasted costs of production. Please see the analysis attached as Confidential Exhibit 1. Because of the age and condition of the Unit equipment, costs of mining, fixed and variable operation costs, and compliance costs with environmental regulations going forward, continued operation of the Pirkey Unit would require significant incremental capital investment for operation beyond the April 2023 retirement date. Finally, deactivation of the Pirkey Unit would not only require ongoing incremental capital investment, but additional annual maintenance expenses to secure the future availability of the plant.

7. Copies of studies or other documentation relied upon by the utility in making the deactivation or retirement decision, and copies of any documents memorializing the deactivation or retirement decision.

Please see the Notification Letter dated August 11, 2021, the unit disposition study, as well as the 2021 Arkansas IRP, submitted herein as Exhibits 3, Confidential Exhibit 1, and Exhibit 5, respectively.

8. The docket number where the utility's most recent IRP report is filed, and the utility's current 10-year load and capability forecast.

SWEPCO's most recent Louisiana IRP was filed on December 29, 2019 in Docket No. I-36242. As previously discussed, SWEPCO also completed its Arkansas IRP in December 2021, after SWEPCO's careful evaluation of its generation planning needs. Relevant excerpts of the Arkansas Preferred Plan have been included with this filing as Exhibit 5.

9. A copy of the Attachment Y or comparable notice that has been submitted to the appropriate RTO.

SWEPCO properly notified the SPP of its intent to retire the Pirkey Unit, through its submission of Addendum 1 Attachment AB and SPP Resource Retirement Agreement, which are submitted in this proceeding as Confidential Exhibit 6 and Confidential Exhibit 7, respectively.

10. The net book value included in rate base for the retired or deactivated unit and any accounting changes that will occur upon deactivation or retirement.

Upon retirement, Pirkey Unit 1 will have a net book value equal to approximately \$153,297,062. Please see attached Confidential Exhibit 8 with additional information on the Net Book Value calculation.

11. If a settlement agreement, consent decree, or other agreement exists requiring the retirement or deactivation of the unit, copies of any such agreement or decrees shall be provided.

There are no existing settlement agreements, consent decrees, or other agreements requiring the retirement or deactivation of the Pirkey Unit.

12. If an independent engineering review was performed to estimate the reliability and sustainability costs for the generating unit, copies of that review shall be provided with the Report.

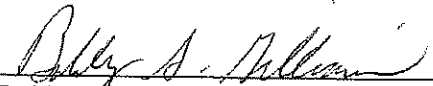
There are no existing independent engineering reviews that were performed to estimate the reliability and sustainability of the soon-to-be retired Unit.

CONCLUSION

SWEPCO conducted a careful evaluation of its generation needs, in order to best serve customers and determined that it was necessary to retire this relatively more expensive Unit for the benefit of SWEPCO's customers. In full compliance with the requirements of General Order 10-10-2018, SWEPCO has submitted the requisite information pertaining to the retirement of the Unit following notification to the SPP and prior to the effective date of the Unit's retirement.

WHEREFORE, SWEPCO respectfully requests that this Compliance Report be filed with the Louisiana Public Service Commission, in accordance with General Order 10-19-2018.

Respectfully submitted,
WILKINSON, CARMODY & GILLIAM


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