

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY	)	
POWER COMPANY FOR A CERTIFICATE OF	)	
PUBLIC CONVENIENCE AND NECESSITY TO	)	CASE NO.
REPLACE AND UPGRADE PORTIONS OF THE	)	2024-00343
BELLEFONTE STATION IN BOYD COUNTY,	)	
KENTUCKY (BELLEFONTE STATION UPGRADE	)	
PROJECT)	)	

ORDER

On November 22, 2024,<sup>1</sup> Kentucky Power Company (Kentucky Power) filed an application, pursuant to KRS 278.020 and 807 KAR 5:001, Section 15, for a Certificate of Public Convenience and Necessity (CPCN) authorizing it to replace and upgrade portions of the Bellefonte Station in Boyd County, Kentucky.<sup>2</sup> On November 21, 2024, Kentucky Power filed a motion for an informal conference as well.

By Order issued on December 4, 2024, the Commission established a procedural schedule for the orderly processing of this matter, set a date for the informal conference, and provided a deadline to request intervention. Kentucky Power responded to two requests for information from Commission Staff.<sup>3</sup> An informal conference was held on December 17, 2024. On January 10, 2025, Kentucky Power filed a motion to submit this

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<sup>1</sup> Kentucky Power filed its application on November 15, 2024,

<sup>2</sup> Application at 1.

<sup>3</sup> Kentucky Power's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 20, 2024); Kentucky Power's response to Commission Staff's Second Request for Information (Staff's Second Request) (filed Jan. 9, 2025).

matter for a decision based upon the written record. There are no intervenors. The record is complete, and the matter stands ready for a decision.

### BACKGROUND

Kentucky Power is a corporation organized on July 21, 1919, pursuant to the laws of the Commonwealth of Kentucky.<sup>4</sup> Kentucky Power is a utility as defined in KRS 278.010.<sup>5</sup> Kentucky Power is engaged in the generation, purchase, transmission, distribution, and sale of electric power.<sup>6</sup> Kentucky Power serves approximately 163,000 customers in the following 20 counties in eastern Kentucky: Boyd, Breathitt, Carter, Clay, Elliott, Floyd, Greenup, Johnson, Knott, Lawrence, Leslie, Letcher, Lewis, Magoffin, Martin, Morgan, Owsley, Perry, Pike, and Rowan.<sup>7</sup> Kentucky Power also supplies electric power at wholesale to other utilities and municipalities in Kentucky for resale.<sup>8</sup>

Kentucky Power is a wholly owned subsidiary of American Electric Power Company, Inc. (AEP).<sup>9</sup> AEP is a multi-state public utility holding company that includes utilities providing electric service to customers in parts of eleven states: Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia.<sup>10</sup>

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<sup>4</sup> Application at 2.

<sup>5</sup> Application at 2.

<sup>6</sup> Application at 2.

<sup>7</sup> Application at 2.

<sup>8</sup> Application at 2.

<sup>9</sup> Application at 2.

<sup>10</sup> Application at 2.

Kentucky Power is a member of PJM Interconnection, LLC (PJM). PJM is a regional transmission organization (RTO) approved by the Federal Energy Regulatory Commission (FERC). The purpose of an RTO is to promote the regional administration of high-voltage transmission and ensure nondiscriminatory access to transmission systems. PJM coordinates and administers the movement of wholesale electricity in all or parts of 13 states and the District of Columbia.<sup>11</sup> The Commission approved Kentucky Power's transfer of functional operation of its transmission facilities, subject to certain stipulations, to PJM by Order on May 19, 2004, in Case No. 2002-00475.<sup>12</sup> Kentucky Power began participating in the PJM energy market on October 1, 2004.<sup>13</sup> As a participant in PJM, Kentucky Power must achieve and maintain compliance with respect to PJM's system reliability, operational performance, and market efficiency criteria determined by PJM's Office of the Interconnection.<sup>14</sup> Kentucky Power stated that the Bellefonte Station Project is proposed to replace six of the 69 kV circuit breakers at the Station that are overdutied,<sup>15</sup> and replace 69 kV risers between Transformer #3 and the

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<sup>11</sup> <https://pjm.com/about-pjm>. Last accessed February 28, 2025.

<sup>12</sup> Case No. 2002-00475, *Application of Kentucky Power Company D/B/A American Electric Power for Approval, to the Extent Necessary, to Transfer Functional Control of Transmission Facilities Located in Kentucky to PJM Interconnection, L.L.C. Pursuant to KRS 278.218* (Ky. PSC May 19, 2004). See also Direct Testimony of Nicholas C. Koehler (Koehler Direct Testimony) (filed Sept. 8, 2022) in this proceeding at 2–5, and Application, Exhibits 7–9, for a detailed description of how PJM, AEP, and Kentucky Power coordinate the planning of Kentucky Power's transmission system.

<sup>13</sup> See Case No. 2019-00154, *Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to Perform Upgrade, Replacement, and Installation Work at its Existing Substation Facilities in Perry and Leslie Counties, Kentucky* (Ky. PSC May 28, 2020) and Direct Testimony of Kamran Ali (filed June 27, 2019) at 6 for a summary of Kentucky Power's history with PJM.

<sup>14</sup> Errata Direct Testimony of Nicholas Koehler (Koehler Errata Direct Testimony) (filed Dec. 19, 2024) at 5.

<sup>15</sup> Kentucky Power's response to Staff's First Request, Item 17. "An overdutied breaker means the available fault current exceeds the fault current rating of the breaker in certain conditions."

69 kV bus #2.<sup>16</sup> These two items have been identified by PJM as Baseline violations.<sup>17</sup> The Bellefonte Station Project includes these two components identified as “Baseline” by PJM transmission planning criteria and eleven components considered “Supplemental” by the same criteria.<sup>18</sup> Kentucky Power maintained that Baseline projects are transmission expansions or enhancements that are required to achieve compliance with respect to PJM’s system reliability, operational performance, or market efficiency criteria as determined by PJM’s Office of the Interconnection, as well as projects that are needed to meet transmission owners’ local transmission planning criteria.<sup>19</sup> Further, Kentucky Power maintained that Supplemental projects include all projects that do not address minimum, bright-line transmission planning criteria, but are needed to maintain the existing grid as designed, connect new customers to the grid, and satisfy contractual and regulatory requirements.<sup>20</sup> Kentucky Power asserted that the designation of a project as Baseline or Supplemental is not indicative of the level of need for a project and that the designations are not always mutually exclusive.<sup>21</sup>

### THE PROPOSED PROJECT

Kentucky Power characterized the Bellefonte Station Upgrade Project (Project) as a Baseline and Supplemental project.<sup>22</sup> The Project is located in Boyd County,

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<sup>16</sup> Application at 4; Koehler Errata Direct Testimony at 2–4.

<sup>17</sup> Koehler Errata Direct Testimony at 2–4.

<sup>18</sup> Koehler Errata Direct Testimony at 2–6.

<sup>19</sup> Koehler Errata Direct Testimony at 4–5.

<sup>20</sup> Koehler Errata Direct Testimony at 4–5.

<sup>21</sup> Koehler Errata Direct Testimony at 4–5.

<sup>22</sup> Application at 1.

Kentucky,<sup>23</sup> and entirely within the current Kentucky Power footprint.<sup>24</sup> The Bellefonte Station currently consists of two yards: a 34.5 kV yard and a shared 138/69 kV yard.<sup>25</sup> Kentucky Power described the 138/69 kV yard as being in a narrow, constrained space between U.S. Highway 23 and a large non-operational industrial complex adjacent to the Ohio River.<sup>26</sup> Kentucky Power stated the 34.5 kV yard's original purpose was to serve the blast furnace facility that was previously located adjacent to the site, but which is no longer in operation; for this reason, the 34.5 kV yard facilities are proposed to be retired as part of the Project.<sup>27</sup> According to the application, the 138/69 kV Station is located in the load center related to the area's surrounding commercial and residential development and the large industrial facilities. It is a major hub with 12 transmission lines<sup>28</sup>, five power transformers, and four distribution circuits, and is a major source into the 69 kV network that serves the northern part of AEP's service territory in Kentucky.<sup>29</sup> According to Kentucky Power, the Bellefonte Station currently serves two industrial customers and 3,570 distribution customers.<sup>30</sup> Additionally, the industrial customers served from

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<sup>23</sup> Application at 2–3. A nominal amount of the remote end line work will be completed in other counties in Kentucky and Ohio.

<sup>24</sup> Application at 10. According to Kentucky Power, no notices were mailed as no additional easements were going to be needed.

<sup>25</sup> Errata Direct Testimony of Daniel Barr (Barr Errata Direct Testimony) (filed December 10, 2024) at 2.

<sup>26</sup> Barr Errata Direct Testimony at 2.

<sup>27</sup> Barr Errata Direct Testimony at 2–3.

<sup>28</sup> Barr Errata Direct Testimony at 2, footnote 1.

<sup>29</sup> Barr Errata Direct Testimony at 2.

<sup>30</sup> Koehler Errata Direct Testimony at 4.

transmission have a peak load of approximately 26.9 MW, and the distribution customers served from Bellefonte Station have a peak load of approximately 17.5 MW.<sup>31</sup>

The proposed Project consists of the following Baseline components:

1. Replace six 69 kV breakers and associated risers and disconnect switches;
- and
2. Associated station remote end work at the Coalton Station, located in Kentucky, and the Pleasant Street Station, located in Ohio, to facilitate the upgrades at Bellefonte Station.<sup>32</sup>

The proposed Supplemental components include:

1. Retire Transformer #1 and Transformer #5, and replace Transformer #2;
2. Replace two 69 kV breakers;
3. Associated station remote end work at the Raceland Station;
4. Install one 138 kV circuit switcher;
5. Replace underground cables with new overhead bus ties;
6. Relocate the 69 kV capacitor bank and upgrade the capacitor bank switcher to a capacitor bank breaker;
7. Retire the 34 kV yard;
8. Expand the 138/69 kV yard by approximately 300 x 30 feet;
9. Replace relays and two control buildings with a single Drop-In-Control 1 Module (DICM) in the expanded 138/69 kV yard; and

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<sup>31</sup> Koehler Errata Testimony at 4.

<sup>32</sup> Direct Testimony of Tanner Wolfram (Wolfram Direct Testimony) (filed Nov. 15, 2024) at 4.

10. Install two power potential transformers at Bellefonte Station.<sup>33</sup>

Kentucky Power stated that, during the 2026 Regional Transmission Expansion Plan (RTEP) planning process, an N-1-1 violation<sup>34</sup> was identified on the station conductors (risers) between 138/69 kV Transformer #3 and the 69kV. This N-1-1 violation was the result of a thermal overload due to loss of the 138/69 kV transformer and associated buses at Kenova Station and the Bellefonte 138/69 kV Transformer #2.<sup>35</sup> Also, during the 2026 RTEP, six 69 kV breakers, C, G, I, Z, AB, and JJ, were identified as overdutied.<sup>36</sup> According to Kentucky Power, addressing this baseline violation has the additional benefit of upgrading 1970s vintage oil-filled breakers and some minor remote end upgrades must also be completed at associated stations, Pleasant Street Station and Coalton Station, to adjust for the upgrades.<sup>37</sup>

For supplemental needs, Kentucky Power stated the 138/69 kV Transformer #2 is 1970s vintage and has nitrogen and oil leaks, along with failed fans, and it lacks high-side protection.<sup>38</sup> The oil filled 69 kV circuit breakers H and T planned in the project are 1960s vintage and Kentucky Power alleged are increasingly difficult and expensive to maintain.<sup>39</sup> According to Kentucky Power, the Project will also allow for a 69 kV capacitor

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<sup>33</sup> Wolfram Direct Testimony at 4-5.

<sup>34</sup> An N-1-1 violation in this case is thermal violation under projected conditions in 2026. See Kentucky Power's response to Staff's First Request, Item 16.

<sup>35</sup> Koehler Errata Direct Testimony at 2.

<sup>36</sup> Koehler Errata Direct Testimony at 2-3.

<sup>37</sup> Koehler Errata Direct Testimony at 3.

<sup>38</sup> Koehler Errata Direct Testimony at 3.

<sup>39</sup> Koehler Errata Direct Testimony at 3.

bank KK to be installed on the Raceland 69 kV line instead of the 69 kV bus.<sup>40</sup> Kentucky Power intends to use this opportunity to electrically re-terminate the Raceland 69 kV line from bus #2 to bus #1 and the capacitor bank from the Raceland 69 kV line to bus #1.<sup>41</sup> In order to complete these supplemental projects, Kentucky Power will be required to make some minor remote end upgrades<sup>42</sup> which must also be completed at an associated station, Raceland Station, to adjust for the upgrades.<sup>43</sup>

According to Kentucky Power, the 34.5 kV yard is obsolete, no longer serves any customers, and is proposed to be retired.<sup>44</sup> The two 138/34.5 kV Transformers, #1 and #5, are 1950s and 1960s vintage respectively, have health concerns such as oil and nitrogen leaks, and are proposed to be retired.<sup>45</sup> The 34.5 kV circuit breakers E, K, M, and F are 1950s–1970s vintage, have health concerns such as being oil filled without oil containment, and are also proposed to be retired.<sup>46</sup>

Kentucky Power stated it anticipates beginning construction during the first quarter of 2025.<sup>47</sup> According to the application, work is expected to be complete by fourth quarter 2026.<sup>48</sup>

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<sup>40</sup> Koehler Errata Direct Testimony at 3.

<sup>41</sup> Koehler Errata Direct Testimony at 3.

<sup>42</sup> Upgrades must also be completed at associated stations, Pleasant Street Station and Coalton Station, to adjust for the upgrades to the Bellefonte Station. See Koehler Errata Direct Testimony at 3; Kentucky Power's response to Staff's First Request, Items 20–21 (maps of remote work).

<sup>43</sup> Koehler Errata Direct Testimony at 3.

<sup>44</sup> Koehler Errata Direct Testimony at 3.

<sup>45</sup> Koehler Errata Direct Testimony at 3.

<sup>46</sup> Koehler Errata Direct Testimony at 3.

<sup>47</sup> Wolfram Direct Testimony at 5.

<sup>48</sup> Wolfram Direct Testimony at 5.

Financial Aspects. Kentucky Power estimated the total cost of the project is approximately \$26.3 million.<sup>49</sup> The breakdown of the cost estimate is:

(1) approximately \$4.5 million to replace the six 69 kV breakers at the 69 kV yard and the associated risers;

(2) approximately \$1.5 million for the station remote end work at Pleasant Street Station and Coalton Station;

(3) approximately \$17.2 million to retire Transformer #1 and Transformer #5, and replace Transformer #2, replace two 69 kV breakers, install one 138 kV circuit switcher, replace underground cables with new overhead bus ties, relocate the 69 kV capacitor bank and upgrading the capacitor bank switcher to a capacitor bank breaker, retire the 34 kV yard, expand the 138/69 kV yard by approximately 300 x 30 feet, replace relays and two control buildings with a single DICM in the expanded 138/69 kV yard, and install two power potential transformers at Bellefonte Station;

(a) approximately \$2.6 million to replace underground cables with new overhead bus ties; and

(b) approximately \$0.6 million for the station remote end work at Raceland Station.<sup>50</sup>

Kentucky Power stated that it anticipates funding the cost of the project through its operating cash flow and other internally generated funds, not through any issuance of debt.<sup>51</sup> In addition, Kentucky Power stated it will own the project in its entirety. Neither

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<sup>49</sup> Wolfram Direct Testimony at 6.

<sup>50</sup> Wolfram Direct Testimony at 6.

<sup>51</sup> Wolfram Direct Testimony at 7; Kentucky Power's response to Staff's First Request, Item 2.

AEP Kentucky Transmission Company (AEP Kentucky Transco) nor any successor entity will own or invest in the project.<sup>52</sup> Kentucky Power stated that the cost of the project will not materially affect the financial condition of Kentucky Power.<sup>53</sup> The costs of the Project will be allocated to the PJM zone. Kentucky Power will be allocated 5.619 percent based on its current 12 CP allocation and the costs will be recovered from other load serving entities.<sup>54</sup> Kentucky Power projects the annual operating cost will be approximately \$40,000 for general maintenance and inspection.<sup>55</sup> The projected additional ad valorem taxes resulting from that portion of the project located in the Commonwealth, and hence to be paid by Kentucky Power, are expected to total approximately \$80,000 in the first year.<sup>56</sup>

Alternatives Considered. Kentucky Power stated the only viable Project Alternative would consist of rebuilding and relocating the existing Bellefonte 69 kV Station facilities and seven transmission lines, plus two transformer feeds to the existing Bellefonte Station 34 kV yard located to the north-west of the existing 69 kV yard.<sup>57</sup> Both the Proposed Project and the project alternative require completing the proposed supplemental work at the existing Bellefonte 138 kV Station yard and retiring the obsolete 34 kV equipment.<sup>58</sup> According to Kentucky Power, the Project Alternative was dismissed

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<sup>52</sup> Wolfram Direct Testimony at 5.

<sup>53</sup> Application at 9.

<sup>54</sup> Application at 9; Wolfram Direct Testimony at 8.

<sup>55</sup> Wolfram at 8.

<sup>56</sup> Wolfram Direct Testimony at 8.

<sup>57</sup> Koehler Errata Direct Testimony at 6.

<sup>58</sup> Koehler Errata Direct Testimony at 6.

early since: (1) it is significantly more work and cost; (2) it would result in wasteful duplication; and (3) it does not provide additional benefits to justify the additional cost.<sup>59</sup> Kentucky Power claimed that the cost of the alternative is \$46.5 million as compared to the Proposed Project estimate of \$26.3 million.<sup>60</sup> In order to avoid wasteful duplication, Kentucky Power stated it will use as much of the existing station structures and equipment as practical and planned to consolidate the two control houses into a single control house and use the existing station property rather than constructing a new station.<sup>61</sup>

Kentucky Power detailed the issues with relocating and building the project alternative including extensive site grading and civil work would be necessary at the existing 34 kV yard. In order to use the existing 34 kV yard, located in a 100-year floodplain, permitting requirements would involve significant additional fill to raise the yard elevation out of the floodplain and corresponding cut to prevent alteration to the extents of the floodplain, if a permit was approved.<sup>62</sup> The expense of the alternative would also include a separately fenced yard with a separate DICM and station service system.<sup>63</sup> Additionally, Kentucky Power stated seven existing 69 kV lines would have to be relocated to new dead-end structures on the ring and the two transformer feeds from the current 138/69 kV yard would be extended to energize the ring bus.<sup>64</sup> Kentucky Power averred that moving seven transmission lines in this constrained space also would require

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<sup>59</sup> Koehler Errata Direct Testimony at 6.

<sup>60</sup> Koehler Errata Direct Testimony at 6.

<sup>61</sup> Barr Errata Direct Testimony at 4–5.

<sup>62</sup> Barr Errata Direct Testimony at 6.

<sup>63</sup> Barr Errata Direct Testimony at 6.

<sup>64</sup> Barr Errata Direct Testimony at 6.

significant work and costs and complex outage coordination and planning, thus, increasing cost.<sup>65</sup>

Kentucky Power noted that there were no other viable alternatives than the one alternative to reconstruct and move the Bellefonte Station.<sup>66</sup>

### LEGAL STANDARD

The Commission's standard of review regarding a CPCN is well settled. Under KRS 278.020(1), no utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission. To obtain a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.<sup>67</sup>

"Need" requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated. [T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.<sup>68</sup>

"Wasteful duplication" is defined as "an excess of capacity over need" and "an excessive investment in relation to productivity or efficiency, and an unnecessary

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<sup>65</sup> Barr Errata Direct Testimony at 6.

<sup>66</sup> Kentucky Power's response to Staff's First Request, Item 7.

<sup>67</sup> *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 252 S.W.2d 885 (Ky. 1952).

<sup>68</sup> *Kentucky Utilities Co.* at 890.

multiplicity of physical properties.”<sup>69</sup> To demonstrate that a proposed facility does not result in wasteful duplication, the Commission has held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.<sup>70</sup>

The fundamental principle of reasonable, least-cost alternative is embedded in such an analysis. Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.<sup>71</sup> All relevant factors must be balanced.<sup>72</sup>

### DISCUSSION AND FINDINGS

Kentucky Power stated that this project is required to address voltage issues resulting in PJM Baseline violations at the Bellefonte Station, to address the need for asset renewal and aging infrastructure at the Bellefonte Station, and to strengthen the reliability of the local transmission system by upgrading the existing system.<sup>73</sup>

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that Kentucky Power has established sufficient evidence to demonstrate that the proposed transmission project is needed to provide adequate, efficient, and reasonable service for the reasons discussed below. The Commission notes that, similar to this request, Kentucky Power has recently sought approval for a

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<sup>69</sup> Kentucky Utilities Co. at 890.

<sup>70</sup> Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

<sup>71</sup> See *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 390 S.W.2d 168, 175 (Ky. 1965). (See also Case No. 2005-00089, *The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005)).

<sup>72</sup> Case No. 2005-00089, Aug. 19, 2005 final Order at 6.

<sup>73</sup> Koehler Errata Direct Testimony at 2–5.

number of transmission facility replacement and refurbishment projects that involve replacing and upgrading aging infrastructure, including poles, conductors, and other equipment originally installed in some cases, the 1940s.<sup>74</sup> This project is a continuation of Kentucky Power's efforts to upgrade its system by replacing infrastructure components that are at the end of their useful life.

The Commission places great weight on the evidence of record concerning the deteriorated state of the existing substation. Kentucky Power has presented evidence of overduetied circuits, health hazards, and outdated equipment which can in turn result in outages affecting a substantial number of customers served from these facilities.<sup>75</sup> Considering the vintage of the majority of the facilities to be replaced, they have, or soon will, exceed their useful lives.<sup>76</sup> Kentucky Power must provide adequate, efficient and reasonable service.<sup>77</sup> In order to do so, Kentucky Power must maintain a reliable transmission system with sufficient capacity to meet current needs as well as provide for foreseeable load growth. Given the age and condition of the facilities to be replaced, it is

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<sup>74</sup> See Case No. 2023-00040, *Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity To Construct 69 kV Transmission Lines and Associated Facilities In Pike County, Kentucky* (Ky. PSC Oct. 6, 2023); Case No. 2022-00118, *Electronic Application of Kentucky Power for a Certificate of Public Convenience and Necessity to Rebuild the Wooton-Stinnett Portion of the Hazard-Pineville 161 kV Line in Leslie County, Kentucky* (Ky. PSC Sept. 22, 2022); Case No. 2017-00328, *Electronic Application of Kentucky Power Company for Certificate of Public Convenience and Necessity to Construct a 161 kV Transmission Line in Perry and Leslie Counties, Kentucky and associated Facilities* (Ky. PSC Mar. 16, 2018); Case No. 2021-00346, *Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to Construct a 138 kV Transmission Line and Associated Facilities in Breathitt, Floyd and Knott Counties, Kentucky* (Ky. PSC Apr. 13, 2022); and Case No. 2019-00154, *Electronic Application of Kentucky Power Company for a Certificate of Public Convenience and Necessity to Perform Upgrade, Replacement, and Installation Work at Its Existing Substation Facilities in Perry and Leslie Counties, Kentucky* (Ky. PSC June 4, 2020).

<sup>75</sup> Koehler Errata Direct Testimony at 5.

<sup>76</sup> Koehler Errata Direct Testimony at 3.

<sup>77</sup> KRS 278.030(2).

reasonably expected that the open conditions and outages along this line will continue. The Commission has expressed its concern in the past regarding the number service outages experienced by Kentucky Power customers.<sup>78</sup> The voltage criteria violations, if not addressed, will result in more outages because customer outages are how electric utilities achieve load dropping. For these reasons, the Commission finds that Kentucky Power has demonstrated a need for the proposed project.

Having consider the evidence, the Commission finds that there is sufficient evidence in the record that the proposed project does not create wasteful duplication. The proposed project is approximately almost half of the cost of the alternative.<sup>79</sup> The Project Alternative would consist of rebuilding and relocating the existing Bellefonte 69 kV Station facilities and seven transmission lines, plus two transformer feeds to the existing Bellefonte Station 34 kV yard located to the north-west of the existing 69 kV yard instead of the proposed project which would upgrade the existing Bellefonte 69 kV Station facilities generally in place.<sup>80</sup> Both the proposed project and the project alternative require completing the proposed supplemental work at the existing Bellefonte 138 kV Station yard and retiring the obsolete 34 kV equipment.<sup>81</sup>

PJM's RTEP process, in which Kentucky Power participates as discussed above, identifies reliability issues, and PJM's Office of the Interconnection sets minimal criteria for all PJM members to meet. However, Kentucky Power's participation in the RTEP

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<sup>78</sup> See Case No. 2021-00481, *Electronic Joint Application of American Electric Power Company, Inc., Kentucky Power Company and Liberty Utilities Co. for Approval of the Transfer of Ownership and Control of Kentucky Power Company* (Ky. PSC Jan. 13, 2021), Order at 48–53.

<sup>79</sup> Barr Errata Direct Testimony at 7-8.

<sup>80</sup> Koehler Errata Direct Testimony at 6-7.

<sup>81</sup> Koehler Errata Direct Testimony at 6-7.

process is not a substitute for it meeting its burden of proof under the legal standard required by Kentucky law to obtain a CPCN. However, in this case, Kentucky Power provided sufficient evidence that this project is needed and does not represent wasteful duplication because the approach that Kentucky Power chose to take minimizes expense while maximizing the benefits of undertaking this project.

For the reasons set forth above, the Commission finds that Kentucky Power has presented sufficient evidence on the record that established that the Bellefonte Station Project is the least cost, most reasonable alternative.

The Commission finds that Kentucky Power averred that the proposed project would be constructed on current easements and property of the utility. As the project progresses, should those facts change, Kentucky Power should file a motion to modify this Order with the Commission. The Commission will endeavor to issue an Order within 20 days addressing the motion. Additionally, Kentucky Power should immediately notify the Commission of any material changes to this project including but not limited to expense of engineering changes.

IT IS THEREFORE ORDERED that:

1. Kentucky Power is granted a CPCN to construct and operate the Bellefonte Station Project as described in its application, with the conditions expressed in this Order.
2. Kentucky Power shall file a survey of the final location of the transmission facilities after any modifications are finalized as authorized by this Order and before construction begins.
3. Kentucky Power shall notify the Commission upon knowledge of any material changes to the project, including but not limited to, increase in cost, any

significant delays in construction, or any changes in the plans of the project, not expressly authorized by this Order.

4. Kentucky Power shall file as built drawings and maps within 60 days of the completion of the construction authorized by this Order.

5. Kentucky Power shall furnish documentation of the total costs of this project including the cost of construction and all other capitalized costs, including, but not limited to, engineering, legal, and administrative expenses, within 60 days of the date construction is substantially completed. Construction costs shall be classified into appropriate plant accounts in accordance with the Uniform System of Accounts for electric utilities prescribed by the Commission.

6. Kentucky Power shall file with the Commission any permits acquired in connection with this project within 30 days of issuance of the permit.

7. Kentucky Power shall not construct any part of this project outside of its easements, as proposed in this proceeding, without first seeking Commission approval as discussed in this Order.

8. Any documents filed in the future pursuant to ordering paragraphs 2, 3, 4, 5, or 6 shall reference this case number and shall be retained in the post-case correspondence file.

9. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

  
Chairman

  
Commissioner

  
Commissioner

ENTERED  
MAR 07 2025 AH  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  
Executive Director

\*Hector Garcia  
Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101

\*Kentucky Power Company  
1645 Winchester Avenue  
Ashland, KY 41101

\*Kenneth J Gish, Jr.  
Stites & Harbison  
250 West Main Street, Suite 2300  
Lexington, KENTUCKY 40507

\*Katie M Glass  
Stites & Harbison  
421 West Main Street  
P. O. Box 634  
Frankfort, KENTUCKY 40602-0634