

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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|---------------------------------------|---|------------|
| ELECTRONIC APPLICATION OF KENTUCKY |) | |
| POWER COMPANY FOR 1) A CERTIFICATE OF |) | |
| PUBLIC CONVENIENCE AND NECESSITY TO |) | |
| CONSTRUCT A MECHANICAL DRAFT COOLING |) | CASE NO. |
| TOWER AT THE MITCHELL PLANT 2) |) | 2026-00001 |
| APPROVAL OF CERTAIN REGULATORY AND |) | |
| ACCOUNTING TREATMENTS, AND 3) ALL |) | |
| OTHER REQUIRED APPROVALS AND RELIEF |) | |

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO KENTUCKY POWER COMPANY

Kentucky Power Company (Kentucky Power), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on May 1, 2026. The Commission directs Kentucky Power to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky Power shall make timely amendment to any prior response if Kentucky Power obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky Power fails or refuses to furnish all or part of the requested information, Kentucky Power shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky Power shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Kentucky Power's response to the Attorney General's and Kentucky Industrial Utility Customers' (KIUC) First Request for Information (Attorney General/KIUC First Request), Item 16.

a. Explain whether there is any insurance coverage for the existing tower that would cover any or all of the existing deterioration, or that will provide coverage in the event of the existing tower collapsing. If there is coverage, describe the policy including any coverage of damage to any other structures or lost revenue as a result of a collapse.

b. In the event of a collapse, explain what deductibles would apply to the tower itself, damage to other structures, or lost revenue. Include in the response how those deductibles would be paid and how those expenses would affect rates.

2. Explain whether any third-party liability issues have been pursued regarding the state of the current cooling tower, and if so, state what actions were taken and the outcomes.

3. Refer to Kentucky Power's response to the Attorney General/KIUC First Request, Item 22. The response stated that the "Mitchell Unit 1's cooling tower remains within its expected service life". Refer also to the Application, page 2, numbered paragraph 4, which states that both units were placed in service in 1971.

a. Provide the initially projected expected service life for Mitchell Units 1 and 2, any amendments to projected expected lives for either unit, and explain what determines the expected service life.

b. Explain whether Mitchell Unit 2's cooling tower has a different expected service life than Mitchell Unit 1's cooling tower, and if so, explain why.

4. Refer to the Application, Direct Testimony of Daniel W. Pizzino (Pizzino Direct Testimony), pages 7-8, which discusses the possibility of the need to shut down the tower and the unit, as well as the possibility of structural failure.

a. Explain the extent to which Mitchell Unit 2 could remain operational during the construction and completion of Options 1, 3, and 4. Include in the response a timeline comparison of the different options when the unit is running and when it is not.

b. In the financial cost analysis comparisons on Options 1, 3, and 4 and to the extent that Mitchell Unit 2 was unavailable or derated, explain whether PJM would require Kentucky Power to procure replacement capacity and whether these replacement capacity costs were included in the cost analyses. If so, explain where in the record these costs are found for each option.

c. Explain and show how Mitchell Unit 2 shutdowns would affect the cost financial analysis for Options 1, 3, and 4.

5. a. Explain what steps Kentucky Power took at the time of Mitchell Plant's acquisition to verify the condition of the cooling tower for Mitchell Unit 2.

b. Explain why those steps, if any, were reasonable to ascertain the condition of the cooling tower for Mitchell Unit 2 and the value of the plant at the time of the acquisition.

c. State what the estimated value of the Mitchell Unit 2 cooling tower was at the time Kentucky Power purchased an ownership share of the Mitchell Plant, and state what that value was based on.

d. Provide the plant in service, accumulated depreciation, and net book value of the cooling tower for Mitchell Unit 2 at the time of acquisition and as of December 31, 2025.

e. Explain how Kentucky Power plans to treat the remaining net book value for the cooling tower at Mitchell Unit 2 when it is taken out of service.

6. Refer to Kentucky Power's response to the Attorney General/KIUC First Request, Item 13, Attachment 3, page iv, which included a list of five recommendations. Explain whether Kentucky Power acted upon any of the recommendations, the actions taken, and the respective implementation timelines.

7. Refer to the Direct Testimony of Tanner S. Wolfram (Wolfram Direct Testimony), page 10, Table NMC-1.

a. Explain whether the cost for continuing to run and operate Mitchell Unit 2, during and after the construction of the new mechanical tower was included when comparing Option 2 and Option 3 and if not, explain why.

b. Explain if, when comparing Options 2 and 3, the comparison included the estimated cost to build a new generation source or capacity procurement through a power purchase agreement, and, if not, explain why.

8. Refer to the Wolfram Direct Testimony, page 10 lines 5-12.

a. For the cost analyses of Options 1, 3, and 4, explain what useful life and depreciation rate was used for Mitchell Unit 2 in the cost analysis for each option, what useful life and depreciation rate was used for Mitchell Unit 2's cooling tower in the cost analysis for Options 1 and 4, and what useful life and depreciation rate was used for mechanical cooling tower in the cost analysis for Option 3.

b. If not already addressed, explain whether the optionality for post 2040 Mitchell Unit 2 operation was included in the cost analysis for Option 3 and if so, how that assumption was included.

c. If Mitchell Unit 2 were to be retired in 2040, explain whether the mechanical cooling tower would be retired along with the unit, and if so, the remaining value of the stranded investment.

d. Explain how the cooling tower could possibly be used after Mitchell Unit 2 reaches the end of its useful life and is retired.

e. Provide an update to the cost analysis for Option 3, with all supporting workpapers in Excel format, in which the new mechanical cooling tower is depreciated over the remaining useful life of Mitchell Unit 2.

9. Refer to Kentucky Power's response to Commission Staff's First Request for Information (Staff's First Request), item 2 (a).

a. Explain whether the response indicates that Kentucky Power anticipates using the existing tower until the new tower is complete sometime in the second quarter of 2028.

b. Explain whether the existing tower can continue to operate until the new mechanical tower is complete under Option 3, why Mitchell Unit 2 cannot continue to function for at least some time during the construction in phase 2, and if it can, state how that would change the comparison if not already included.

c. State how long the current tower can continue functioning safely in its current state and explain each basis for the response.

10. Refer to Kentucky Power's response to Staff's First Request, Item 1, Attachment 1, pages 156-161.

a. State whether Kentucky Power was aware of these inspection reports, specifically the 1990 report, at the time Kentucky Power purchased its 50 percent undivided share in the Mitchell Plant.

b. Explain which maintenance programs were selected after the 1990 report to preserve both cooling tower shells and extend their operational life. Include in the response a list of each program undertaken including program costs, either annually or in total.

c. Explain what steps were taken at the time Kentucky Power purchased its 50 percent undivided share in the Mitchell Plant to ensure that the plant was in sound working order or to otherwise check the condition of the plant.

d. Identify and describe any assurances that were made to Kentucky Power at the time Kentucky Power purchased its 50 percent undivided share in the Mitchell Plant regarding the condition of the major plant components / capital assets, including specifically the cooling tower at Mitchell Unit 2.

11. Refer to Kentucky Power's response to the Staff's First Request, Item 1, Attachment 1, page 265, Item 12, which states "[t]his cooling tower has many defects, some with the risk of falling concrete". Refer also to Kentucky Power's response to Staff's First Request, Item 14, Attachment 2, page 95, Item 12, which states, "[t]his cooling tower is in poor structural condition. Many disorders have been identified with the risk of falling concrete; these disorders have to be treated, or access to the bottom of the cooling tower must be prohibited". Explain why Kentucky Power did not file a similar case earlier in 2020 or 2021 and why Kentucky Power did not otherwise seek to address this issue earlier.

12. Refer to Kentucky Power's response to the Staff's First Request, Item 5. Explain whether Kentucky Power analyzed implementing Options 3 and 4 after 2028, which would reduce the number of cells and piping for the new mechanical draft cooling tower.

13. Refer to Kentucky Power's response to the Staff's First Request, Item 20, KPCO_R_KPSC_1_20_ConfidentialAttachment1, line 13. Explain how the amount for contingency has been calculated and provide its breakdown.

 

Linda C. Bridwell, PE
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601-8294

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cc: Parties of Record

Service List for 2026-00001

* Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Harlee P. Havens
Stites & Harbison
250 West Main Street, Suite 2300
Lexington, KY 40507

* Jody Kyler Cohn
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

* Jennifer L. Parrish
Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

* Joe F. Childers
Childers & Baxter PLLC
300 Lexington Building, 201 West Sho
Lexington, KY 40507

* John G Horne, II
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Kentucky Power Company
1645 Winchester Avenue
Ashland, KY 41101

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

* Denotes served by Email

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

* Kristin Henry
Staff Attorney
Sierra Club Environmental Law Program
2101 Webster Street
Suite 1300
Oakland, CA 94612

* Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Michael West
Office of the Attorney General Office of Rate Intervention
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

* Michael J. Schuler
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Post Office Box 16631
Columbus, OH 43216

* Honorable Michael L Kurtz
Attorney at Law
Boehm, Kurtz & Lowry
425 Walnut Street
Suite 2400
Cincinnati, OH 45202

* Nathaniel Shoaff
Sierra Club
2101
Webster St. , Suite 1300
Oakland, CA 94612

* Toland Lacy
Office of the Attorney General
700 Capital Avenue
Frankfort, KY 40601