

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

Electronic Application Of Kentucky Power)	
Company For Certification of Public)	
Convenience and Necessity to Construct)	Case No. 2017-00328
A 161 kV Transmission Line in Perry and Leslie)	
Counties, Kentucky, and Associated Facilities)	

Motion Of Kentucky Power Company For Partial Rehearing

Kentucky Power Company moves the Public Service Commission of Kentucky pursuant to KRS 278.400 for rehearing of the Commission's March 16, 2018 Order in this proceeding ("Order"). Kentucky Power seeks rehearing and clarification on the following three issues:

- (1) The Order fails to address expressly the Hazard-Jackson 69 kV Reconfiguration. The Hazard-Jackson 69 kV Reconfiguration is required in connection with the approved Hazard-Wooton 161 kV Rebuild. Kentucky Power requests that the Commission enter an order on rehearing amending the Order and granting a certificate of public convenience and necessity authorizing the Company to proceed with the Hazard-Jackson 69 kV Reconfiguration, or, alternatively, declaring that no such approval is required;
- (2) The Order's limitation of the approval granted to the Baseline projects identified in the Order prevents the Company from constructing the nine Supplemental projects required to implement the Baseline projects approved by the Commission; and
- (3) The Commission's denial of Kentucky Power's request for a certificate of public convenience and necessity for the Supplemental improvements to both Kentucky Power's Hazard Substation and the Company's Wooton Substation. The improvements are required for electric transmission reliability in conformity with the Company's planning and operational performance requirements and so as to provide adequate and reliable transmission service to Kentucky Power's customers. Kentucky Power requests that the Commission enter an order on rehearing amending the Order and granting a certificate of public convenience and necessity authorizing Supplemental improvements at the Hazard Substation and the Wooton Substation.

The Commission denied the Company's application for a CPCN for the Supplemental work to be performed at the two substations ("In Station Work") on two grounds: (a) the Company failed to demonstrate that the public convenience and necessity required the In Station Work; and (b) the In Station Work was reviewed by PJM Interconnection, L.L.C. pursuant to a process the Federal Energy Regulatory Commission subsequently found to be inadequate in certain respects, and which FERC ordered to be modified prospectively.

Rehearing is required because: (1) the Commission failed to address the Hazard-Jackson 69 kV Reconfiguration in its Order, or alternatively, to declare that no approval was required; (2) the Order prevents the Company from undertaking the nine Supplemental Projects required to implement the Commission-approved Baseline Projects; (3) the Commission erroneously concluded the record lacked evidence demonstrating the In Station Work was required by the public convenience and necessity; (4) the FERC order relied upon by the Commission in denying approval of the In Station Work was first raised by the Attorney General as part of the simultaneous briefing of this matter and thus the Company was denied a reasonable opportunity to address the order; and (5) the FERC order is irrelevant to the issues presented to the Commission by the Company's application.

A. Standard for Rehearing.

KRS 278.400 authorizes "any party to the proceedings" to apply for rehearing of a Commission order within 20 days of service of the order. The Commission interprets the statute as "provid[ing] closure to Commission proceedings by limiting rehearing to new evidence not readily discoverable at the time of the original hearings."¹ The statute requires and the Commission expects "the parties to Commission proceedings to use reasonable diligence in the

preparation and presentation of their cases and serves to prevent piecemeal litigation of issues.”² Rehearing is not a vehicle for a party to reargue or re-litigate an issue fully addressed by the parties in the proceedings leading to the original order.³

The Commission nevertheless enjoys the discretion to grant rehearing to consider new arguments,⁴ particularly where the argument could not reasonably have been raised before. In addition, rehearing will be granted when required to address any errors or omissions in the Commission’s orders.⁵ Each of these bases support rehearing here.

B. Rehearing Is Required To Provide The Commission With The Opportunity To Address In The Order, To The Extent Required, The Hazard-Jackson 69 kV Reconfiguration.

The Hazard-Jackson 69 kV Reconfiguration is an approximately 1,900 foot portion of the existing Hazard-Jackson 69 kV transmission line that will be realigned in connection with the rebuilding of the Hazard-Wooton 161 kV transmission line.⁶ The reconfiguration is required to tie the existing Hazard-Jackson 69 kV transmission line into the new Hazard-Wooton 161 kV/Hazard-Jackson 69 kV double circuit portion of the rebuild⁷ approved by the Commission in its March 16, 2018 Order.

¹ *In the Matter of: Application Of Kentucky-American Water Company For A Certificate Of Public Convenience And Necessity Authorizing Construction Of The Northern Division Connection*, Case No. 2012-00096 at 4 (Ky. P.S.C. January 23, 2014).

² *Id.*

³ *In the Matter of: D.P.I. Teleconnection, L.L.C. v. BellSouth Telecommunications, Inc. d/b/a AT&T Kentucky*, Case No. 2009-00127 at 3 (Ky. P.S.C. March 2, 2012) (rejecting motion for rehearing where movant failed to raise new arguments and arguments raised were fully considered in original order).

⁴ *In the Matter of: America’s Tele-Network Corp.’s Alleged Violation of KRS 278.535*, Case No. 2000-00421 at 2 (Ky. P.S.C. March 23, 2001) (limiting scope of rehearing to new arguments raised in petition).

⁵ *In the Matter of: Application of Jessamine-South Elkhorn Water District For A Certificate Of Public Convenience And Necessity To Construct And Finance A Waterworks Improvement Project Pursuant To KRS 278.020 And 278.300*, Case No. 2012-00470 at 11 (January 3, 2014).

⁶ Application at ¶ 17.

⁷ *Id.*; Application Exhibit 16 (Rebuild Study) at 7-9.

As part of the reconfiguration, an existing 69 kV structure on the Hazard-Jackson 69 kV transmission line will be removed and replaced with a new 69 kV structure (built to 138 kV specifications) to be located farther up the slope.⁸ The replacement of the existing 69 kV structure and the relocation of the new structure will “permit optimized line design, will decrease the outage duration during construction, and is expected to reduce the likelihood of slides during construction.”⁹ This required replacement of the existing 69 kV structure with a new structure located farther up the slope will require the shift (the reconfiguration) of the existing Hazard-Jackson 69 kV transmission centerline slightly to the northeast for an approximately 1,900 feet length of the line between the last double circuit 161/68 kV structure, the new 69 kV structure (to be built to 138 kV standards), and the next structure of the existing Hazard-Jackson 69 kV transmission line.¹⁰

Because the Hazard-Jackson 69 kV Reconfiguration will tie the existing Hazard-Jackson 69 kV transmission line into the new double-circuit portion of the Hazard-Wooton 161 kV/Hazard-Jackson 69 kV Rebuild, the Hazard-Jackson 69 kV Reconfiguration is required to obtain the benefits of the double-circuit portion of the rebuild.¹¹ The double-circuit portion of the rebuild will provide “some economies,”¹² as well as multiple other operational, construction, safety, and siting benefits including:

◇ Providing “the best solution to the siting, constructability, maintenance, and safety constraints presented by this portion of the project. These constraints include the close proximity of the river, residential development in close proximity to the existing transmission lines, distribution lines in close proximity to the transmission lines, steep terrain, constructability and

⁸ *Id.*

⁹ *Id.*

¹⁰ *Id.*

¹¹ *Id.*

¹² Kentucky Power Company’s Response to AG 1-2(a).

safety concerns presented by the topography, the limited area suitable for construction, environmental concerns, and the proximity of the lines to the Hazard High School.”¹³

◇ Increasing “efficiencies and reduc[ing] land use impact because both transmission circuits will reside on a single set of transmission line structures. By reducing the number of structures required, the double-circuit configuration also limits the visual impact of the project on nearby residences.”¹⁴

◇ “The larger structures to be used for the double-circuit structure portion of the line will increase the reliability of the 69 kV Hazard-Jackson line while facilitating the future upgrade of the existing 69kV circuit to 138kV to meet future load growth.”¹⁵

◇ “The double-circuit configuration also allows the Company to address the need to relocate both transmission lines higher on the ridge and thereby minimize slips and slides in light of the limited amount land in the area suitable for construction and maintenance of the lines.”¹⁶

◇ “The proposed double-circuit configuration allows both lines to be moved farther from the existing residences and thereby increases safety.”¹⁷

Although the Commission’s March 16, 2018 Order approves the Hazard-Wooton 161 kV Rebuild, including the Hazard-Wooton 161 kV/Hazard-Jackson 69 kV double-circuit portion of the rebuild, it does not expressly grant or deny authority for the Company to undertake the Hazard-Jackson 69 kV Reconfiguration. The Hazard-Jackson 69 kV Reconfiguration is fundamental to the already-approved rebuild. To avoid any confusion, Kentucky Power respectfully requests that the Commission amend its March 16, 2018 Order to expressly grant authority for the Company to undertake the Hazard-Jackson 69 kV Reconfiguration. Alternatively, the Company requests that the Commission amend its March 16, 2018 Order to expressly state no approval is required for the Hazard-Jackson 69 kV Reconfiguration.

¹³ *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.*

C. Multiple In Station Projects, Although Denominated Supplemental, Are Required To Implement The Approved Baseline Projects.

The Order provides:

Kentucky Power is granted a CPCN to rebuild its existing 6.5 mile Hazard-Wooton Transmission Line in Perry and Leslie counties and to perform the related replacement of the ... existing 161/138 kV single phase transformer as forth as a Baseline Project in the Application.¹⁸

Although the replacement of the 161/138 kV single phase transformer is the only station-related work treated as a Baseline Project by PJM, at least nine of the In Station Work projects are required to implement the Commission-approved Baseline Projects. Thus, Company Witness Lasslo testified that portions of the Hazard and Wooton substations projects were required to “allow for the termination of the Hazard-Wooton 161 kV line.”¹⁹ Without these projects to terminate the Commission-approved transmission lines, the rebuilt line will be unable to function as required. In addition, an existing 161 kV breaker at the Hazard Substation pointing towards the Wooton Substation must be physically relocated, and will be replaced, to accommodate the physical placement of the approved new 161/138 kV three phase transformer.²⁰

Kentucky Power has identified the following five Supplemental projects at the Hazard Substation as required to implement the Commission-approved Baseline Projects:

- (a) Replacement of the 161 kV circuit breaker pointing towards Wooton Station;
- (b) Replacement of devices for line protection and circuit breaker control associated with the 161 kV Wooton line position;

...

¹⁸ Order at 7.

¹⁹ Direct Testimony of Michael G. Lasslo at 8, 9 (“Lasslo Direct”).

²⁰ Kentucky Power’s Response to AG 2-2, Attachment 1 at 4 (“Circuit breaker M will need to be relocated in association with the baseline project to replace the existing 161/138 kV transformer at Hazard station (b2761).”) It is identified as project (a) on Attachment 10 to the Company’s application.

(e) Replacement of devices for transmission transformer protection associated with Transformer #3 [Transformer #3 is the Commission-approved new 161/138 kV three phase transformer];

...

(j) Replacement of 138 kV capacitor bank and switcher BB;

(k) Replacement of devices for capacitor bank and switcher BB protection and control.²¹

The following four Supplemental Projects at the Wooton Substation are similarly required to implement the approved Baseline Projects:

(a) installation of station class surge arresters attached to the upper beam of the existing 161kV box bay structure on the 161kV Hazard Line position;

(b) replacement of devices for line protection and circuit breaker control associated with the 161kV Hazard line position;

...

(d) replacement of devices for 161kV bus protection; and

(e) installation of telecommunication fiber equipment.²²

Kentucky Power respectfully requests that rehearing be granted and the Commission amend the Order to authorize the construction of the nine Supplemental Projects required to implement the approved Baseline Projects. Alternatively, and to the extent the Commission deems it necessary, Kentucky Power requests that the Commission grant rehearing for the purpose of taking further evidence identifying the Supplemental Projects required to implement the Commission-approved Baseline Projects.

²¹ See Application Exhibit 10.

²² See Application at ¶ 19.

D. The Commission Erred In Denying Approval For The In Station Work.

1. The Record Provides Substantial and Uncontroverted Evidence Of The Need For The In Station Work.

The record demonstrates that the In-Station Work is required to enable Kentucky Power to provide adequate, efficient, and reasonable service as part of the Company's Hazard Area Improvement Plan. The improvements required at the Wooton Substation and at the Hazard Substation, although denominated Supplemental projects, are every bit as necessary as those Baseline projects approved by the Commission.

Company Witness Lasslo explained that the In Station Work is required to upgrade dated equipment at the Hazard and Wooton Substations to current design and engineering standards.²³ He further explained that the In Station Work is needed to address "physically deteriorated and aging infrastructure concerns, and to upgrade existing legacy engineering elements to current engineering standards,"²⁴ and that "legacy station and protection and control elements associated with the line will be upgraded to current design standards."²⁵ In addition, it is uncontroverted that the In Station Work also addressed safety and operational issues at both substations.²⁶ To this end, Company Witness Lasslo emphasized that:

Q. ARE THOSE HAZARD AND WOOTON SUBSTATION IMPROVEMENTS NOT DIRECTLY REQUIRED BY OR ASSOCIATED WITH THE TRANSMISSION LINE REBUILD *UNNECESSARY*?

A. *No.* Kentucky Power would perform the work associated with these proposed improvements *even in the absence* of the Proposed Rebuild.²⁷

²³ Lasslo Direct at 8-9.

²⁴ *Id.*

²⁵ *Id.* See also Application Exhibit 15 at 4 ("Safety and access issues associated with existing equipment platforms and drainage issues at the [Hazard] station will also be addressed.")

²⁶ Kentucky Power's Response to AG 2-2, Attachment 3 at 5-6.

²⁷ Lasslo Direct at 9-10 (emphasis supplied).

Company Witness Lasslo also testified that Supplemental projects, such as the In Station Work, are needed “to maintain the existing grid as designed, to meet regulatory requirements, and [Regional Transmission Organization] and industry standards.”²⁸ Supplemental projects, such as the In Station Work, “are identified and selected to address AEP transmission needs that are not covered by the PJM transmission planning criteria,” including, for example, “proactive replacement of deteriorating assets,” and “installation and expansion of supervisory control and data acquisition.”²⁹ The In Station Work, which is detailed as part of Exhibits 10 and Company Witness Lasslo’s testimony,³⁰ is precisely this type of work.

This is important because PJM, or any other entity enforcing reliability operational standards, assumes that the equipment in service is not physically deteriorated to an extent that it is unavailable when needed. Kentucky Power, as the transmission owner, is responsible for existing facilities, such as the Hazard and Wooton substations and the equipment these substations house, to ensure these facilities are both adequate and available when needed.

The record also contains detailed explanations of the need for the In Station Work. The *Hazard 161 kV Area Improvement Plan*, attached as Exhibit 15 to the Company’s application, provided in-depth explanations of the need for the In Station Work:

Circuit breakers S and E at Hazard station are FK type breakers all over 40 years old. Circuit breaker F at Hazard is a CG type breaker. These are both oil breakers that have become more difficult to maintain due to the required oil handling procedures. In general, oil spills occur often during routine maintenance and failures with these types of breakers.

Other drivers include PCB content, damage to bushings, and an excess number fault operations that exceed the manufacturers recommended number of 10.

²⁸ *Id.* at 13. Also see generally, Kentucky Power Company’s Response to AG 1-1, Attachment 1 (“AEP Guidelines for Transmission Owner Identified Needs”).

²⁹ *Id.*

³⁰ *Id.* at 8-10.

Breakers S, E, and F have experienced 82, 184, and 193 fault operations respectively.

Hazard circuit breaker C is a PR type oil breaker and is 48 years old, it carries similar issues to the 69 kV oil breakers above. In addition the breaker has experienced 354 fault operations, well above the manufacturer recommendation of 12.

Hazard circuit breaker A is a VWVE type oil breaker and is 28 years old, it carries similar issues to the 69 kV oil breakers above. In addition the breaker has experienced 221 fault operations, well above the manufacturer recommendation of 20.

Hazard circuit breaker M will need to be relocated in association with the baseline project to replace the existing 161/138 kV transformer at Hazard station. The breaker is 29 years old and has experienced 21 fault operations, which exceeds the manufacturer recommendation of 10.

Hazard transformers #1 and #2 ... show dielectric breakdown (insulation), accessory damage (bushings/windings), and short circuit breakdown (due to amount of through faults).

Transformer #1 also shows signs of corrosion on radiators as well as oil leaks.

Hazard circuit switcher BB is a MARK V unit which have presented AEP with a large amount of failures and mis-operations. AEP has determined that all MARK V's will be replaced and upgraded with the latest AEP cap-switcher design standard.

Capacitor bank BB will need to be relocated in association with the baseline project to replace the existing 161/138 kV transformer at Hazard station .

Hazard capacitor switcher CC has oil leaks on all three phases and cannot be repaired. Capacitor bank CC was a non standard design and its components (fuses and cans) have begun to fail.

Safety concerns associated with existing equipment platforms at Hazard station will also be addressed. The majority of the platforms at the station were field designed with[out] thought of access, and lack both adequate clearances as well as structural integrity.

Drainage issues at the station will also be addressed.

A 69 kV low side breaker will be installed on Hazard transformer # 1 to separate three dissimilar zones of protection.

138 kV circuit switchers will be added to Hazard transformers #2 and #4, as well as low side breakers on transformers #2, #3, and #4 to separate four dissimilar zones of protection.

In order to improve operational flexibility to the 69 kV networks served out of Hazard a 69 kV bus tie circuit breaker will be installed at Hazard. The 69 kV tie breaker will also help facilitate the retirement of Capacitor AA which: is currently located off the line to Bonnyman, is beginning to show issues, and requires its VBM type cap switcher replaced.³¹

Even more detailed information regarding the need for the Hazard Substation In Station Work was placed in the record through the Company's confidential response to AG 2-2.³²

Company Witness Lasslo similarly testified that "[t]he proposed work at the Wooton Substation will allow for the termination of the rebuilt Hazard-Wooton 161 kV line.³³ In addition, legacy station and protection and control elements associated with the line will be upgraded to current design standards."³⁴

This evidence submitted by the Company regarding the necessity of the In Station Work is substantial and uncontroverted; it also, respectfully, was overlooked by the Commission in the Order. Instead, the Order seemingly indicates that the only evidence as to the need for the Supplemental projects was the evidence that performing In Station Work simultaneously with the Baseline portion of the Project would permit Kentucky Power to deploy engineering and construction resources in a more efficient manner.³⁵ These efficiencies standing alone may not resolve the question of necessity,³⁶ but they were far from the only evidence of the need for the In Station Work. The Commission erred in overlooking the other undisputed evidence on the

³¹ Application Exhibit 15 at 5; *see also* Kentucky Power Company's Response to AG 2-2, Attachment 3, at 13-15.

³² Kentucky Power Company's Response to AG 2-2, Attachment 1 at confidential pages 9-24.

³³ *See also id.* at 4 ("Remote end upgrades [at Wooton Substation] to accommodate Hazard-Wooton rebuild.")

³⁴ Lasslo Direct at 8.

³⁵ Order at 5.

³⁶ The efficiencies do go to the question of the public convenience.

record detailed above demonstrating the necessity of the In Station Work at both the Hazard Substation and the Wooton Substation.

The evidence of need for the In Station Work provided by the Company, coupled with the evidence noted by the Commission regarding the efficiency of doing this work simultaneously with the Project's Baseline components, both go to the ultimate question of whether the Project as a whole, and the In Station Work in particular, are in the public interest. Rehearing also is required to avoid harm to the public interest resulting from a delay in the construction and placing in service of the In Station work in terms of timing (to bring reliability benefits to customers promptly), cost (as delay may result in increased costs), and reliability of service (as delay increases the risk of equipment failure and may require additional outage windows to complete the work in isolation from the rest of the Project). As emphasized by Mr. Lasslo in his testimony, "[b]y performing these projects at the same time Kentucky Power is able to more efficiently utilize outage windows and more efficiently deploy associated construction and engineering resources."³⁷

2. Rehearing is Required to Allow Kentucky Power To Address For The First Time The February 15, 2018 FERC Order Relied Upon By The Commission In Denying A CPCN For The In Station Work.

The issue of FERC's February 15, 2018 Order, addressed at pages six and seven of the Commission's Order, arose for the first time in the Attorney General's brief filed on March 2, 2018 simultaneously with the Company's brief. The FERC Order, which was issued nearly three months after the application was filed, was not identified as an issue by either Staff or the Attorney General as part of discovery. Nor, because of the expedited procedural schedule governing this matter, could the FERC order have been raised by either Staff or the Attorney

³⁷ Lasslo Direct at 10.

General as part of discovery. Most fundamentally, because, as described below, the FERC order is irrelevant to the matters before the Commission, the Company lacked a reasonable basis to anticipate the Commission would rely on the FERC order in denying that portion of the Company's application seeking a CPCN for the In Station Work.

At bottom, due process and Commission precedent require that the Company be afforded the opportunity to address through rehearing the issue of the FERC order, first raised in the simultaneous briefing, and relied upon by the Commission in its March 16, 2018 Order. Rehearing will allow the Commission to take into consideration for the first time the Company's input (provided below) regarding the representations and arguments advanced by the Attorney General in his March 2, 2018 brief, as well as the lack of relevancy of the February 15, 2018 FERC Order, and its yet-to-be-effective requirements, to this proceeding. Certainly, Commission precedent countenances the grant of rehearing under these circumstances.³⁸ Likewise, providing this opportunity is fully consistent with due process, which requires that the evidence relied upon to decide the case not be used in a way that forecloses an opportunity to offer a contrary presentation.³⁹

3. The February 15, 2018 FERC Order Relied Upon By The Commission Is Irrelevant To The Issues Before the Commission In This Proceeding.

In denying approval of the In Station Work the Commission also found "that the evaluation of the present Supplemental project has taken place under the previous review process that the FERC order has found to be flawed."⁴⁰ But the FERC order, and its prospective-only

³⁸ *In the Matter of: Adjustment Of Rates Of General Telephone Company Of Kentucky*, Case No. 8859 at 1 (Ky. P.S.C. June 28, 1984) (Commission exercised its discretion to grant second petition for rehearing to ensure due process).

³⁹ *Kentucky Util. Reg. Com'n v. Water Serv. Co.*, 642 S.W.2d 591, 593 (Ky. App. 1982)(quoting *Bowman Transp. v. Arkansas Best Freight Sys.*, 419 U.S. 281, 287 (1974) ("Indeed, the Due Process Clause forbids any agency to use evidence in a way that forecloses an opportunity to offer a contrary presentation.")).

⁴⁰ Commission Order at 7.

requirements, are irrelevant to the issues before the Commission in this proceeding, particularly in light of the substantial and uncontroverted evidence in this record regarding the need for the In Station Work.

In its February 15, 2018 order, FERC directed the *prospective* implementation of certain changes to the FERC-approved PJM Tariff (“OATT”), and accepted certain changes PJM and the PJM Transmission Owners proposed to the OATT to provide further detail regarding the transmission planning process for Supplemental projects.⁴¹ Significantly, nothing in the FERC Order (which dealt with process-related changes): (a) invalidated the In Station Work portion of the Hazard-Wooton project, (or any other Supplemental projects); (b) altered in any way Kentucky Power’s responsibility (subject to this Commission’s review) and ability to determine, without PJM’s authorization or direction, *whether* and *when* local reliability transmission projects such as the In Station work are needed; or (3) rejected or otherwise invalidated the independent evidence of record in this proceeding concerning the necessity of the In Station Work.

The FERC Order left undisturbed all Supplemental projects previously reviewed. In fact, the FERC Order explicitly indicated that the effect of the order was prospective only, and also explicitly left open for a later time (which has not occurred or been determined as of this Motion for Rehearing) the effective date for the new procedures described in the FERC Order.⁴² Of note, the In Station Work will not be re-submitted for review by the PJM stakeholder process, as

⁴¹ *Monongahela Power Co., et al.*, Docket Nos. EL16-71-000 and ER17-179-003, *Order Accepting in Part Proposed Tariff Revisions and Requiring Tariff Revision Pursuant to Section 206*, 162 FERC ¶ 61, 129 (“FERC Order”) at 44-45 (paragraph 92)(accepting the Tariff revisions proposed by PJM subject to additional requirements); 51-56 (paragraphs 106 to 116)(outlining additional requirements, to be effective on a prospective basis only). The FERC Order is available at the following link: [https://elibrary.ferc.gov/idmws/file_list.asp?document_id=14643464]

the project has already been reviewed and included in PJM's planning data. That review followed the procedures that were in place at that time. The process included a review of KPCO_R_AG_2_2_Attachment1_5confidential.pdf and KPCO_R_AG_2_2_Attachment 3.pdf that address the specifics of the In Station Work.

Unlike Baseline projects, Supplemental projects, such as the In Station Work, are not subject to PJM approval or rejection. Supplemental projects not within the planning criteria for which PJM is responsible (Baseline projects), were the responsibility of local transmission owners, such as Kentucky Power, *before* FERC's February 15, 2018 Order, and *continue to be* the responsibility of local transmission owners, such as Kentucky Power, *after* FERC's February 15, 2018 Order.

More generally, the prospective amendments required by FERC to the review of Supplemental projects as part of PJM's Transmission Expansion Advisory Committee process, while providing additional transparency and coordination to the overall planning of local transmission facilities, are in no way relevant to the factors this Commission considers under KRS 278.020 and applicable precedent. Certainly, the Commission should not delegate its responsibilities under the statute to PJM or FERC, particularly when the new procedures required by FERC are not yet effective, it is not known when the new procedures will become effective, and, ultimately, the FERC order does not alter the fact that Supplemental projects are not subject to approval or rejection by PJM. Finally, if the Commission nevertheless elects to incorporate

⁴² See FERC Order at 58 (paragraphs 120 and 121). These future procedures are the subject of a compliance filing submitted by PJM in FERC Case Nos. EL16-71-000 and ER17-179-000 on March 19, 2018. FERC's determination about whether or when those future procedures will become effective is pending, and would be applicable only to *future* Supplemental projects. See PJM's compliance filing, which is publicly available at the following link: [<http://www.pjm.com/directory/etariff/FercDockets/3548/20180319-er17-179-003%20.pdf>]

the PJM planning process into CPCN proceedings, it should, and respectfully must,⁴³ do so only prospectively through the promulgation of a regulation.

Kentucky Power takes its planning responsibilities for Supplemental projects seriously, not only in terms of reliability, but also as part of its efforts to build and maintain its electric transmission system in a manner that is cost effective, efficient, and safe. The Company also goes above and beyond the requirements of the 807 KAR 5:120 in seeking local stakeholder input.⁴⁴ Kentucky Power and its representatives:

- ◇ Met with the Principal of Hazard High School, the Superintendent of the Hazard Independent School District, the Mayor of the City of Hazard, and the Perry County Judge Executive on August 14, 2017;

- ◇ Presented visual simulations of the Project to the Mayor and the County Judge Executive on September 6, 2017;

- ◇ Conducted a public open house on August 24, 2017 after sending written notices to all affected landowners and publishing notices of the open house in the Perry County and Leslie County newspapers; and

- ◇ Created a project website to provide information on the project and to receive public comments.⁴⁵

Finally, by seeking rehearing of the Order the Company strives to avoid an unnecessary *increase* of the overall cost of the Project resulting solely from a delay in the execution of the In Station Work. Kentucky Power customers should not be burdened with costs that can be avoided.

⁴³ KRS 13A.100; KRS 13A.130.

⁴⁴ See Direct Testimony of Emily S. Larson at 4, 5.

⁴⁵ Application Exhibit 16 (“Rebuild Study”) at 3-4.

Conclusion

For the foregoing reasons, Kentucky Power respectfully requests that the Commission enter an Order on rehearing:

- (1) Granting a certificate of public convenience and necessity authorizing the Company to proceed with the Hazard-Jackson 69 kV Reconfiguration, or, alternatively, declaring that no such approval is required;

- (2) Granting a certificate of public convenience and necessity authorizing Kentucky Power to proceed with the construction of the nine Supplemental Projects required to implement the Commission-approved Baseline Projects, or, alternatively, granting rehearing for the purpose of taking further evidence identifying the Supplemental Projects required to implement the Commission-approved Baseline Projects;

- (3) Granting a certificate of public convenience and necessity authorizing the Company to proceed with the In Station Work; and

- (4) Granting all further relief to which Kentucky Power may be entitled.

Respectfully submitted,



Mark R. Overstreet
Katie M. Glass
STITES & HARBISON PLLC
421 West Main Street
P. O. Box 634
Frankfort, Kentucky 40602-0634
Telephone: (502) 223-3477
Facsimile: (502) 223-4124
moverstreet@stites.com
kglass@stites.com

COUNSEL FOR KENTUCKY POWER
COMPANY