

**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 Perform Upgrade, Replacement,)
And Installation Work At Its Existing Substation)
Facilities In Perry And Leslie Counties, Kentucky)

Case No. 2019-00154

DIRECT TESTIMONY OF

RANIE K. WOHNHAS

ON BEHALF OF KENTUCKY POWER COMPANY

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**DIRECT TESTIMONY OF
RANIE K. WOHNHAS
ON BEHALF OF KENTUCKY POWER COMPANY**

I. INTRODUCTION

1
2 **Q: PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.**

3 A: My name is Ranie K. Wohnhas. My position is Managing Director, Regulatory and
4 Finance, Kentucky Power Company. My business address is 855 Central Avenue, Suite
5 200, Ashland, Kentucky 41101.

II. BACKGROUND

6 **Q: PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND**
7 **BUSINESS EXPERIENCE.**

8 A: I received a Bachelor of Science degree with a major in accounting from Franklin
9 University, Columbus, Ohio in December 1981. I began work with Columbus Southern
10 Power Company in 1978, and worked in various customer services and accounting
11 positions. In 1983, I transferred to Kentucky Power Company and worked in accounting,
12 rates, and customer services. I became the Billing and Collections Manager in 1995. My
13 duties included overseeing all billing and collection activity for the Company. In 1998, I
14 transferred to Appalachian Power Company and worked in rates. In 2001, I transferred to
15 the American Electric Power Service Corporation working as a Senior Rate Consultant.
16 In July 2004, I transferred back to Kentucky Power Company and assumed the position
17 of Manager, Business Operations Support. I was promoted to Director in April 2006. I
18 was promoted to my current position as Managing Director, Regulatory and Finance
19 effective September 1, 2010.

1 **Q: WHAT ARE YOUR RESPONSIBILITIES AS MANAGING DIRECTOR,**
2 **REGULATORY AND FINANCE?**

3 A: I am primarily responsible for managing the regulatory and financial strategy for
4 Kentucky Power. This includes planning and executing rate filings for both federal and
5 state regulatory agencies, as well as certificate of public convenience and necessity
6 filings before this Commission. I am also responsible for managing the Company's
7 financial operating plans. Included as part of this responsibility is the preparation and
8 coordination of various capital and O&M operating budgets with other American Electric
9 Power Company, Inc. affiliates. I work with various American Electric Power Service
10 Corporation departments to ensure that adequate resources such as debt, equity, and cash
11 are available to build, operate, and maintain Kentucky Power's electric system assets
12 used to provide service to our retail and wholesale customers. In my role as Managing
13 Director, Regulatory and Finance, I report directly to Brett Mattison, President and Chief
14 Operating Officer of Kentucky Power.

15 **Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS COMMISSION?**

16 A: Yes, I have testified on multiple occasions. Most pertinent to this proceeding, I filed
17 testimony in Case No. 2017-00328,¹ in which the Commission granted the Company's
18 application in part to construct the Hazard-Wooton 161 kV transmission line and certain
19 baseline elements associated with the line. The Commission denied without prejudice the
20 remainder of the Company's application seeking authority to construct, replace, and
21 upgrade certain elements at Kentucky Power's existing Hazard 161/138/69 kV Substation

¹ *In the Matter of: Electronic Application Of Kentucky Power Company For Certification of Public Convenience and Necessity to Construct A 161 kV Transmission Line in Perry and Leslie Counties, Kentucky, and Associated Facilities.*

1 (“Hazard Substation”) and Wooton 161 kV Substation (“Wooton Substation”). Other
2 transmission-related cases in which I have offered testimony include Case Nos. 2011-
3 00295,² 2018-00072,³ and 2018-00209.⁴ I also testified before this Commission in
4 various fuel adjustment clause review proceedings and filed testimony in the Company’s
5 five most recent base rate case filings, Case No. 2005-00341, Case No. 2009-00459, Case
6 No. 2013-00197, Case No. 2014-00396, and Case No. 2017-00179. Other cases in which
7 I testified include an environmental compliance plan, Case No. 2011-00401; a real-time
8 pricing proceeding, Case No. 2012-00226; the transfer of a fifty percent undivided
9 interest in the Mitchell generating station to Kentucky Power, Case No. 2012-00578; the
10 filing to convert Big Sandy Unit 1 to a gas-fired unit, Case No. 2013-00430; and a DSM
11 application, Case No. 2014-00271.

III. PURPOSE OF TESTIMONY

12 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

13 A: I am testifying in support of Kentucky Power’s Application for a certificate of public
14 convenience and necessity to construct, replace, and upgrade elements at the Hazard
15 Substation and the Wooton Substation (the “Project”). In my testimony I:

- 16 • Provide an overview of the Project; and
- 17 • Address the financial aspects of the Project.

² *In the Matter of: The Application Of Kentucky Power Company For A Certificate Of Public Convenience And Necessity To Construct A 138 KV Transmission Line In and Associated Facilities in Breathitt, Knott and Perry Counties, Kentucky (Bonnyman-Soft Shell Line).*

³ *In the Matter of: Electronic Application Of Kentucky Power Company For A Certificate Of Public Convenience And Necessity To Construct A 138 kV Transmission Line In Boyd County, Kentucky (EastPark 138 kV Transmission Line (Phase 1)).*

⁴ *In the Matter of: 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 Pike And Floyd Counties (Enterprise Park Economic and Area Improvements Project).*

1 **IV. OVERVIEW OF PROJECT**

A. The Project.

2 **Q: PLEASE DESCRIBE THE PROJECT.**

3 A: Kentucky Power is seeking authority to construct, replace, and upgrade multiple elements
4 at its Hazard Substation and Wooton Substation. The two substations currently are
5 connected by the existing Hazard-Wooton 161 kV transmission line, and will be
6 connected by the previously-approved rebuild of the Hazard-Wooton 161 kV
7 transmission line upon the line's completion. The work the Company proposes to
8 perform at each substation, as well as the need for the work and the benefits accruing to
9 the work, are described in greater detail in the testimony of Company Witnesses Ali and
10 Lasslo and **EXHIBIT 2** and **EXHIBIT 3** to the Application.

11 **Q. PLEASE DESCRIBE THE HAZARD SUBSTATION.**

12 A. The Hazard Substation was constructed in the early 1940's. It is located at 1400 East
13 Main Street, Hazard, Kentucky. The site is physically constrained by nearby
14 development and the North Fork of the Kentucky River. The proposed improvements to
15 the Hazard Substation will be contained within the existing substation footprint and no
16 additional property will be acquired for the Hazard Substation in connection with the
17 Project. Six transmission circuits and three distribution circuits terminate at the Hazard
18 Substation.

19 **Q. PLEASE DESCRIBE THE WOOTON SUBSTATION.**

20 A. The Wooton Substation was constructed in 2006. Three transmission circuits terminate
21 at the Wooton Substation; unlike the Hazard Substation, no distribution circuits terminate
22 at the Wooton Substation. The Wooton Substation is located in northeastern Leslie

1 County, Kentucky approximately one mile from the Perry County-Leslie County line.
2 The proposed improvements to the Wooton Substation will be contained within the
3 existing footprint and no additional property will be acquired for the Wooton Substation
4 in connection with the Project.

5 **Q. WHEN DOES KENTUCKY POWER PROPOSE TO BEGIN WORK AT THE**
6 **HAZARD SUBSTATION AND WOOTON SUBSTATION?**

7 A: The Company anticipates beginning construction in October 2019 and completing and
8 bringing the Project in service in mid-2021.

9 **Q. ARE YOU PROVIDING ENGINEERING OR OTHER TECHNICAL**
10 **INFORMATION REGARDING THE IMPROVEMENTS TO THE HAZARD**
11 **SUBSTATION AND WOOTON SUBSTATION?**

12 A. No. The purpose of my testimony concerning the substation improvements is to provide
13 the Commission with an overview of the planned work. Company Witnesses Ali and
14 Lasslo address the engineering and other technical information concerning the proposed
15 improvements.

B. Prior Proceeding And This Application.

16 **Q. THE COMMISSION PREVIOUSLY DENIED WITHOUT PREJUDICE THE**
17 **COMPANY'S APPLICATION IN CASE NO. 2017-00328 TO PERFORM THE**
18 **WORK PROPOSED IN THIS APPLICATION. WHY IS KENTUCKY POWER**
19 **AGAIN SEEKING THE REQUESTED AUTHORITY?**

20 A. Although I will defer to Company Witness Ali concerning the specific engineering
21 aspects of the proposed work, it is my understanding that at bottom the construction,
22 replacement, and upgrade work proposed at the two substations is essential to the

1 Company's ability to provide adequate, reliable, and reasonable service. Many of the
2 substation components are required to implement the construction approved by the
3 Commission in Case No. 2017-00328. Many other project elements replace and upgrade
4 existing deteriorating and obsolescent substation components and are needed to ensure
5 that the substations function properly. Other work is intended to improve the
6 substations' reliability and to bring them into compliance with existing PJM and
7 Kentucky Power design standards. The Commission's denial of the requested authority
8 to perform the work in Case No. 2017-00328 was premised on the Commission's
9 determination that Kentucky Power failed to meet its burden of proof. The Commission
10 indicated in its order in that case that the partial denial was without prejudice. This
11 Application addresses the evidentiary concerns identified by the Commission and
12 updates the Commission concerning subsequent project developments.

13 **Q. HAVE THERE BEEN ANY DEVELOPMENTS REGARDING THE**
14 **PREVIOUSLY PROPOSED WORK?**

15 A. Yes. Perhaps the most significant modification is that nine Supplemental elements
16 identified in the Company's application in Case No. 2017-00328 that are necessary to
17 implement the baseline work approved in that case were resubmitted to PJM on April 23,
18 2019 for approval as Baseline elements. Company Witness Ali provides further detail on
19 the resubmission and its status.

20

1 **Q. ARE THERE ANY OTHER DEVELOPMENTS AFFECTING THE**
2 **IMPROVEMENTS FOR WHICH KENTUCKY POWER IS SEEKING**
3 **APPROVAL IN THIS FILING?**

4 A. Yes. As the design of any project progresses, estimated costs become more certain,
5 specifications become more detailed, and alternatives are refined. A particular element
6 may no longer be required, or may be determined to be too costly, because of these
7 developments. Conversely, a project may require previously unanticipated work or
8 elements. Since Kentucky Power filed its application in Case No. 2017-00328,
9 approximately 19 months ago, Kentucky Power determined, for example, that Capacitor
10 Bank BB would not need to be relocated to accommodate the previously approved
11 replacement of the 161/138 kV transformer at the Hazard Substation because the
12 Company determined after further detailed engineering that there was sufficient space in
13 the substation for Capacitor Bank BB to remain in its current location. Again, Company
14 Witness Ali provides additional detail regarding these and other project developments.

15 **V. FINANCIAL ASPECTS OF THE PROJECT**

16 **Q: WHAT IS THE PROJECTED COST OF THE PROJECT?**

17 A: The total estimated cost of the Project is approximately \$25.3 million. That sum
18 comprises: (a) approximately \$25.0 million for improvements at the Hazard Substation
19 (not including the previously approved components); and (b) approximately \$300
20 thousand for improvements to the Wooton Substation.

21

1 **Q. DOES KENTUCKY POWER PARTICIPATE IN AN INTERNAL COMPANY**
2 **PROCESS TO REVIEW PROPOSED TRANSMISSION PROJECTS?**

3 A. Yes. Kentucky Power, in conjunction American Electric Power Service Corporation
4 personnel, participates in a capital allocation process for reviewing and approving capital
5 projects. The process requires that projects demonstrate that the proposed scope of work
6 is appropriate for providing adequate service to customers and that the estimated costs are
7 reasonable.

8 **Q. WAS THAT REVIEW UNDERTAKEN WITH RESPECT TO THE**
9 **IMPROVEMENTS IDENTIFIED IN THE COMPANY'S APPLICATION?**

10 A. Yes.

11 **Q: DOES THE \$25.3 MILLION COST ESTIMATE DESCRIBED ABOVE AND SET**
12 **OUT IN THE APPLICATION REPRESENT THE FINAL COST?**

13 A: The estimate represents the best engineering estimates of the costs as of the date of this
14 Application. The exact cost will not be known until the Project is complete.

15 **Q: HOW WILL THE INVESTMENT BE FUNDED?**

16 A: Kentucky Power anticipates funding the cost of the line and related facilities through its
17 operating cash flow and other internally generated funds. Prior to beginning
18 construction, Kentucky Power does not anticipate issuing debt to finance the Project.

19 **Q: WILL THE COST OF THE PROJECT AFFECT MATERIALLY THE**
20 **FINANCIAL CONDITION OF KENTUCKY POWER COMPANY?**

21 A: No. Kentucky Power's assets, net of regulatory assets and deferred charges, as of March
22 31, 2019, totaled \$2,004,254,942. The cost of this project thus represents an increase of
23 approximately 1.26 percent in those assets. The \$25.3 million investment in the station

1 replacement, upgrade, and installation work will not affect the completion of any other
2 current capital project.

3 **Q: WHAT IS THE PROJECTED COST OF OPERATION OF THE PROPOSED**
4 **FACILITIES AFTER THEY ARE COMPLETED?**

5 A: Kentucky Power projects the annual cost of operation will be approximately \$12,000 for
6 general maintenance, minor repairs, and inspection. The projected annual additional ad
7 valorem taxes resulting from the Project are expected to total approximately \$37,950.

8 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A: Yes.

