

Kentucky Power Company
KPSC Case No. 2019-00154
Attorney General's Second Set of Data Requests
Order Dated October 14, 2019

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DATA REQUEST

AG 2-7 Refer to Kentucky Power's response to AG DR 1-8, wherein when asked to explain, in detail, the procedure by which PJM review projects designated as Supplemental, the Company merely referred to testimony that is not responsive to the request. Refer also to Kentucky Power's response to AG DR 1-21 (c), wherein the Company answered in the affirmative that PJM reviews the need underlying a Supplemental Project.

a. Explain, in detail, the process and depth of the process by which PJM reviews the need underlying a Supplemental Project and the Supplemental Project itself. Any response should include a description of when during PJM's review of Supplemental Projects that PJM conducts a no harm analysis. A mere reference to testimony is not an adequate response.

RESPONSE

The Company objects to this request on the basis that it seeks information equally available to the Attorney General. Specifically, the process by which PJM and stakeholders review Supplemental Projects in the context of PJM's Transmission Expansion Advisory Committee ("TEAC") as part of PJM's Regional Transmission Expansion Plan ("RTEP") process is regulated by the Federal Energy regulatory Commission; the Attorney General has access to the requested information and from time to time participates.

Without waiving these objections, the Company reiterates that it is responsible for determining the need for Supplemental project components that are required in addition to PJM's approved Baseline project components.

AEP first reviews all assumptions, criteria, and models used to identify needs and solutions with PJM stakeholders. Following the presentation of a need, Kentucky Power will submit and review a solution for that need. PJM then reviews the solutions and performs a do-no-harm analysis. However, PJM does not make the do-no-harm analysis available to the public for review. Should the proposed solution create any adverse effects, Kentucky Power must address these issues as part of the Supplemental project before proceeding through the remainder of the RTEP process. The do-no-harm analysis is followed by a stakeholder comment period where transmission owners review and consider the comments that they receive. Finally, projects are submitted to PJM for inclusion in the Local Plan, are assigned a PJM supplemental number, and are posted for inclusion in the RTEP and future RTEP analyses. See KPCO_R_AG_2_7_Attachment_1

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for a visual representation of this process taken from PJM Planning Committee meeting materials presented in October of 2019. The materials in their entirety can be found using the following link: <https://www.pjm.com/committees-and-groups/committees/pc.aspx>

See KPCO_R_AG_2_7_Attachment_2 for a copy of the publicly available slides from the Sub-regional RTEP meeting where the elements of this project were reviewed.

January 29, 2020 Supplement

Please see KPCO_SR_KPSC_1_2 Attachment_1 and KPCO_SR_KPSC_1_2 Attachment_2 for the information presented at the April 23, 2019 Subregional RTEP Western meeting.

The response also is supplemented to identify Mr. Ali as the witness.

Witness: Kamran Ali

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- AG 2-11** Refer to KPCo's response to AG-1, Item 23, discussing how: [a]ll of the equipment to be installed as part of the Project has a long useful life expectancy, often measured in decades. Such long useful life expectancies are consistent with the Company's experience with comparable equipment and facilities, which in some cases can exceed their expected life expectancies by many years, and in some cases decades.
- a. Refer further to the Application, page 11. Fully explain the Company's approach of noting equipment possibly exceeding its useful life expectancy by decades as a positive outcome in the response above, while in the Application for this project it described such equipment that has exceeded its useful life and is no longer supported by the manufacturer as in need of immediate replacement.
 - b. At what point do manufacturers stop supporting equipment? How long do third-party suppliers support equipment with non-OEM parts?
 - c. Explain whether there is any difference between the terms "useful life expectancy" and "projected operating life."

RESPONSE

- a. There is no contradiction between the two statements. Kentucky Power's transmission system currently includes, and has included in the past, multiple examples of assets that have exceeded their useful life expectancy (which in this context can be understood to be its projected operating life). The Company performs maintenance with the intent of maximizing the useful life of its equipment to the extent practicable. Although age is a useful indicator of the remaining useful life of an asset, relying solely on expected life estimates is not a reasonable strategy for managing equipment reliability. If a comprehensive review of performance, condition and risk indicates that an asset is not a candidate for replacement, the Company will continue to utilize that asset, even if the age exceeds what is typically expected for that class of asset. However, if equipment is found to pose an unreasonable risk of service disruption to connected customers, the Company will act to proactively replace this equipment.
- b. Manufacturers typically continue to support equipment until there is a major design change or a technological advancement. This varies depending on the manufacturer and type of equipment. As an example, circuit breaker manufacturers have historically changed their base design roughly every 10-15 years. These manufacturers may continue

to supply parts for a limited time, typically in the range of 3-5 years. In general, third party non-OEM suppliers will provide “minor” parts (compressors, motors, some relays, interrupter parts such as baffles, arcing tip, and moving contacts) for a fairly long time (about 25 years) or until it is no longer profitable for them to support the equipment and carry the items in stock. For “major parts”, most non-OEMs will not support these more intricately designed parts. Non-OEM companies are often forced to reverse engineer the parts and often lack the specific design knowledge to do so without the support of the original manufacturer or supporting design documents. For these reasons, most non-OEM suppliers only offer a limited number of parts. Other types of equipment change on a more frequent basis, primarily due to the technology involved. For example, protective relaying and SCADA devices used by Kentucky Power today have a manufacturer warranty of 10 years, and revenue meter manufacturers typically have warranties of 5 or 10 years. Non-OEM serviceability is very limited and often involves the replacement of control cards or other major components with components from other working devices of the same make and model.

c. In the context of the Company's description of the need for the project, the two terms can be used interchangeably. The Company notes that equipment can, and often does, continue to be used to provide service to customers even after the equipment exceeds its projected useful life and until retired. Conversely, the fact that equipment has not reached its projected operating life does not mean that it is not necessary and/or cost-effective to replace or upgrade the component. One concept does not negate the other.

January 29, 2020 Supplement

The response is supplemented to identify Mr. Lasslo as the witness for subpart (b) of the response and Mr. Ali as the witness for subparts (a) and (c) of the response.

Witness: Michael G. Lasslo and Kamran Ali

