

**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 Construct A 138 kV) Case No. 2020-00062
Transmission Line And Associated Facilities)
In Pike And Floyd Counties (Kewanee-Enterprise)
Park 138 kV Transmission Project))

**SUPPLEMENTAL TESTIMONY OF
BRIAN K. WEST
ON BEHALF OF KENTUCKY POWER COMPANY**

February 2021

**SUPPLEMENTAL TESTIMONY OF
BRIAN K. WEST, ON BEHALF OF
KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

CASE NO. 2020-00062

TESTIMONY INDEX

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**SUPPLEMENTAL TESTIMONY OF
BRIAN K. WEST
ON BEHALF OF KENTUCKY POWER COMPANY**

I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Brian K. West. My position is Vice President, Regulatory & Finance for Kentucky Power Company (“Kentucky Power” or the “Company”). My business address is 1645 Winchester Avenue, Ashland, Kentucky 41101.

Q. ARE YOU THE SAME BRIAN K. WEST WHO OFFERED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes. My testimony was offered in support of the Company’s application for a certificate of public convenience and necessity (“CPCN”) to construct, own, and maintain certain components of the Kewanee-Enterprise Park 138 kV Transmission Project (“Project”). I also provided responses to certain of the Commission’s October 12, 2020 and November 17, 2020 data requests.

II. PURPOSE OF SUPPLEMENTAL TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

A. I am testifying in support of Kentucky Power’s January 18, 2021 motion for rehearing, and in accordance with the Commission’s February 3, 2021 Order permitting rehearing to investigate the reasonableness of Kentucky Power’s request to modify its CPCN. The Company’s motion for rehearing requested that the Commission amend its December 29, 2020 Order to authorize Kentucky Power to construct, own, and maintain the five 138 kV circuit breakers and the 28.8 MVAR capacitor bank to be located in the Kewanee 138 kV Substation. My supplemental testimony explains how Kentucky Power’s, rather than AEP

1 Kentucky Transmission Company, Inc.’s (“Kentucky Transco”), construction, ownership,
2 and operation of those assets affects the allocation and recovery of the costs associated with
3 their installation.

4 **Q. ARE YOU SPONSORING ANY EXHIBITS TO YOUR TESTIMONY?**

5 A. Yes. I am sponsoring Exhibit BKW-S1, which is a report detailing which costs associated
6 with this Project, including the circuit breakers and capacitor bank described above, will
7 be recovered through PJM allocations and which costs will be recovered through other
8 rates. The format of this report is substantially similar to the post-construction report that
9 the Commission’s December 29, 2020 Order requires as a condition of the CPCN for this
10 Project.¹

11 **III. COST ALLOCATION AND RECOVERY**

12 **Q. DOES KENTUCKY POWER’S INSTALLATION OF THE CIRCUIT BREAKERS**
13 **AND CAPACITOR BANK AFFECT HOW THE COSTS ASSOCIATED WITH**
14 **THOSE ASSETS ARE ALLOCATED AND RECOVERED?**

15 A. Yes. As detailed in Company Witness Koehler’s Supplemental Testimony, the circuit
16 breakers and capacitor bank at issue are necessary to implement this PJM Baseline
17 transmission project. However, because the majority of the Company’s assets in the
18 Kewanee 138 kV Substation serve a distribution function, and the Company utilizes
19 predominant use accounting, Kentucky Power’s installation of the circuit breakers and
20 capacitor bank will have the effect of increasing the Company’s distribution plant in
21 service, and the cost of that investment will be recovered through Kentucky Power’s base
22 distribution rates. Had Kentucky Transco installed the facilities, their cost would have

¹ December 29, 2020 Order at 32 (Ordering paragraph 9).

1 been recovered through Kentucky Transco's FERC formula transmission rate and allocated
2 to load serving entities, including Kentucky Power.

3 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

4 **A. Yes, it does.**

Kewanee-Enterprise Park 138 kV Transmission Project Cost Summary

<u>Original Proposal</u>			<u>Proposal on Rehearing</u>		
<u>Project Components</u>	<u>Cost</u>	<u>Cost Recovery Mechanism</u>	<u>Project Components</u>	<u>Cost</u>	<u>Cost Recovery Mechanism</u>
Transmission Line	\$19,900,000	KPCo Transmission Rates	Transmission Line	\$19,900,000	KPCo Transmission Rates
Kewanee Substation (KPCo)	\$14,128,267	Distribution Rates	Kewanee Substation (KPCo)	\$17,928,267	Distribution Rates*
Fords Branch Retirement	\$720,000	Distribution Rates	Fords Branch Retirement	\$720,000	Distribution Rates
Cedar Creek Remote End Work	\$500,000	Distribution Rates	Cedar Creek Remote End Work	\$500,000	Distribution Rates
Total KPCo Capital Expenditure	\$35,248,267		Total KPCo Capital Expenditure	\$39,048,267	
Kewanee Substation (KTCO)	\$3,800,000	KTCO Transmission Rates*	Kewanee Substation (KTCO)	\$0	
Total Project Cost	\$39,048,267		Total Project Cost	\$39,048,267	

* - Includes the costs for the five circuit breakers and capacitor bank.

VERIFICATION

The undersigned, Brian K. West, being duly sworn, deposes and says he is Vice President, Regulatory & Finance for Kentucky Power Company that he has personal knowledge of the matters set forth in the forgoing responses and the information contained therein is true and correct to the best of his information, knowledge and belief after reasonable inquiry.



Brian K. West

State of Indiana)
) ss Case No. 2020-00062
County of Allen)

Subscribed and sworn to before me, a Notary Public, in and for said County and State, Brian K. West this 17th day of February, 2021.

Regiana M.
Sistevaris

Digitally signed by Regiana M.
Sistevaris
Date: 2021.02.17 13:05:08 -05'00'

Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023