

Kentucky Power Company  
KPSC Case No. 2020-00062  
Commission Staff's 3rd Set of Data Requests  
Dated November 17, 2020  
Page 1 of 2

**DATA REQUEST**

- 3-1** Refer to Kentucky Power's Response to Staff's First Request for Information, Item 2c, filed on October 26, 2020.
- a. Explain whether there are any project costs that Kentucky Transco incurs that it will not recover through the annual transmission revenue requirement. If so, identify those costs and explain how those costs will be recovered.
  - b. Explain whether all of Kentucky Power's project expenses, including both capital and O&M, will be recovered in the same manner as Kentucky Transco, i.e., that the capital and operating costs of projects that are forecast to be in service during the year are included in the annual transmission revenue requirement. If not, provide an explanation of how each of Kentucky Power's project costs will be recovered.
  - c. Provide a side-by-side comparison of the project costs by account name and number of all anticipated project costs that will be incurred by both Kentucky Power and Kentucky Transco. If there are any anticipated ongoing costs that will be incurred by either party once the project is in service, such as inspection, maintenance, repair, or replacement; provide a separate listing of these expenses and an explanation of how these will be recovered.

**RESPONSE**

- a. All project costs will be recovered through Kentucky Transco's annual transmission revenue requirement, subject to true up, and in accordance with Kentucky Transco's FERC-approved formula rate protocols.
- b. Expenses incurred by Kentucky Power and Kentucky Transco are recovered in the same manner as Kentucky Transco, i.e., through each company's annual transmission revenue requirement. Please refer also to the Company's response to subsection (a).
- c. The project is currently being recorded to Construction Work in Progress (CWIP) and is not in service. However, once the work orders associated with the project are placed in service, it is expected that the following utility accounts will be used for each aspect of the project. Once the project is placed in service and the work orders are closed, the costs of the project will be unitized and continue to be charged to each utility account within the Company's property accounting system.

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35010 – Transmission land and land rights  
35300 – Transmission station equipment  
35500 – Transmission poles and fixtures  
35600 – Transmission overhead conductors and devices  
36000 – Distribution land and land rights  
36200 – Distribution station equipment

Estimated Capital Costs:

KENTUCKY POWER

Transmission Line	\$19,900,000
Kewanee Substation	\$14,100,000
Fords Branch Retirement	\$ 700,000
Cedar Creek Remote End Work	<u>\$ 500,000</u>
TOTAL	\$35,200,000

KENTUCKY TRANSCO

Kewanee Substation Components	\$3,800,000
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Estimated Current Average Annual O&M Costs:

KENTUCKY POWER

Station O&M	\$ 6,600
Line O&M	<u>\$12,500</u>
TOTAL	\$19,100

KENTUCKY TRANSCO

Station O&M	\$900
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Witness: Brian K. West

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**DATA REQUEST**

- 3-2** In its Application, Kentucky Power stated that the purpose of the Kewanee-Enterprise Park 138 kV Transmission Project (Project) is to address PJM Baseline thermal and voltage criteria violations on the company's existing network.
- a. Identify any other drivers, internal or external, that led to the necessity of any or all parts of the Project.
  - b. Identify any other American Electric Power Company, Inc. subsidiaries that will utilize or benefit from the construction of the Project.

**RESPONSE**

- a. When developing a list of possible solutions for addressing a specific transmission need, in this case a violation of PJM planning criteria, the Company will also assess existing reliability needs and evaluate opportunities to combine work in order to produce the most efficient, cost-effective, and holistic long-term solution. As stated on pages 4-5 of Witness Koehler's testimony, the Project would also address aging infrastructure needs at the Fords Branch 46 kV Substation.
  
- b. The Company has not performed an analysis of the specific benefits/utilization of the Kewanee project by other AEP operating companies. Such an analysis is not necessary in the ordinary course of business since the AEP transmission system in PJM is designed and built on an integrated basis and the resulting revenue requirement is allocated among all of the load serving entities in the AEP PJM zone, including both Kentucky Power affiliates and non-affiliates. Nonetheless, because the transmission system in PJM's AEP Zone is integrated, other entities interconnected to the system, whether or not affiliates, may utilize and benefit from the construction of the project.

Witness: Nicolas C. Koehler

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**DATA REQUEST**

- 3-3** Refer to the Direct Testimony of Nicolas C. Koehler, page 10. Koehler states that Kentucky Power has considered two alternatives to the proposed Project.
- a. Confirm that no additional alternatives were considered to fulfill the PJM deficiencies cited as the reason for the Project. If additional alternatives were considered, provide an analysis of constructions and cost of the alternative.
  - b. For each alternative discussed by Koehler, it was stated that the total cost of each was greater than the total cost of the proposed Project. Identify whether these cost totals include differences in possible ongoing costs that will be incurred once the alternatives were placed in service, such as inspection, maintenance, repair, or eventual replacement.

**RESPONSE**

- a. Confirmed. The two alternatives discussed in Koehler's Direct Testimony are the only two alternatives that were reviewed with stakeholders. Both alternatives discussed address the baseline violations but do not address the supplemental needs alleviated by the Project.
- b. The total costs listed in Witness Koehler's testimony, for both the proposed Project and the two alternatives, consisted entirely of capital costs. The estimated capital costs for the two alternatives to the Project were greater than the indicated capital cost for the Project.

Operations and maintenance costs were not evaluated because the difference in capital costs, as much as \$13 million, would not be offset by any differences in O&M expenses. Additionally, the proposed solution provides for the retirement of deteriorating 46 kV station equipment that in turn will result in O&M savings. The proposed solution may also provide the Company with the opportunity to retire the Cedar Creek–Elwood 46 kV circuit in the future, thus resulting in additional O&M savings associated with the Cedar Creek-Elwood 46 kV circuit while avoiding the capital costs for rebuilding the circuit.

Witness: Nicolas C. Koehler

**VERIFICATION**

The undersigned, Brian K. West, being duly sworn, deposes and says he is Director Regulatory Services for Kentucky Power Company that he has personal knowledge of the matters set forth in the forgoing testimony 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 1<sup>st</sup> day of December, 2020.

Regiana M.                    )  
Sistevaris                    ) Digitally signed by Regiana M.  
                                          ) Sistevaris  
                                          ) Date: 2020.12.01 16:21:35 -05'00'

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Regiana M. Sistevaris, Notary Public

My Commission Expires: January 7, 2023



### Koehler Verification Case No 2020 00062.doc

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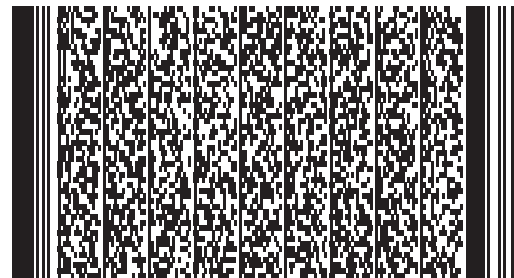
#### E-Signature Summary

**Signer 1: Nicolas C Koehler (NCK)**

November 30, 2020 06:07:55 -8:00 [842A8486E724] [167.239.221.84]  
 nckoehler@aep.com (Personally Known)

**E-Signature Notary: Brenda Williamson (Bw)**

November 30, 2020 06:07:55 -8:00 [400DC3D25B49] [167.239.221.82]  
 bgwilliamson@aep.com  
 I, Brenda Williamson, did witness the participants named above electronically sign this document.



# VERIFICATION

The undersigned, Nicolas C. Koehler, being duly sworn, deposes and says he is the Director of Transmission Planning, American Electric Power Service Corporation, that he has personal knowledge of the matters set forth in the foregoing responses and the information contained therein is true and correct to the best of his information, knowledge, and belief.

Nicolas C Koehler

Signed on 2020/11/30 06:07:55 -8:00

Nicolas C. Koehler

STATE OF OHIO )

)

Case No. 2020-00062

COUNTY OF FRANKLIN )

)

Subscribed and sworn before me, a Notary Public, by Nicolas C. Koehler this  
11/30/2020 day of November, 2020.

Brenda Williamson

Signed on 2020/11/30 06:07:55 -8:00

