

Kentucky Power Company
KPSC Case No. 2021-00370
AG-KIUC's Second Set of Data Requests
Dated January 16, 2024
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DATA REQUEST

AG-KIUC 2_4 Provide all studies, reports correspondence, and Mitchell operating committee meeting minutes and/or resolutions that address the scope and/or spend rates for capital projects and non-fuel O&M expense starting in 2020 and each year thereafter through 2028.

RESPONSE

Please see KPCO_R_AG_KIUC_2_4_Attachment1 which reflects the Kentucky Power and Wheeling Power allocations applied to capital expenditures incurred on/after September 2022, excluding AFUDC.

Please see KPCO_R_AG_KIUC_2_4_Attachment2 which is the Written Consent Action of the Mitchell Operating Company, dated September 1, 2022.

Please see KPCO_R_AG_KIUC_2_4_Attachment3 which is the Mitchell operating committee meeting minutes. This attachment contains the agenda and material for a Mitchell Operating Committee meeting held January 31, 2024. The Company will supplement this attachment with the minutes from that the January 31, 2024, meeting after those minutes are completed.

Please see KPCO_R_AG_KIUC_2_4_Attachment4 which is the Burns McDonnell Report dated March 23, 2022.

February 8, 2024 Supplemental Response

Please see KPCO_R_AG_KIUC_2_4_Attachment1 which reflects the Kentucky Power and Wheeling Power allocations applied to capital expenditures incurred on/after September 2022, excluding AFUDC.

Please see KPCO_R_AG_KIUC_2_4_Attachment2 which is the Written Consent Action of the Mitchell Operating Company, dated September 1, 2022.

Please see KPCO_R_AG_KIUC_2_4_Attachment3 which is the Mitchell operating committee meeting minutes. This attachment contains the agenda and material for a Mitchell Operating Committee meeting held January 31, 2024. Please see

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KPCO_SR_AG_KIUC_2_4_Attachment1 for the Mitchell operating committee meeting minutes for the January 31, 2024 meeting.

Please see KPCO_R_AG_KIUC_2_4_Attachment4 which is the Burns McDonnell Report dated March 23, 2022.

Witness: Timothy C. Kerns

However, Ms. Wiseman noted that, although the July 15, 2021, Order in Case No. 2021-00004 denies Kentucky Power authority solely to construct the ELG environmental projects, it also offers Kentucky Power an ability to reapply to perform ELG work not currently authorized if Kentucky Power provides notice to the Kentucky Commission and undertakes such construction with the Kentucky Commission's approval. Ms. Wiseman further noted how the Virginia State Corporation Commission originally denied Appalachian Power Company the authority to construct ELG at the Amos and Mountaineer plants, but subsequently authorized it to do so upon a further showing.

Ms. Wiseman stated that in light of the foregoing, in January she had requested that AEPSC undertake an economic analysis to reevaluate Kentucky Power's options for its interest in the Mitchell Plant. Ms. Wiseman noted that Kentucky Power's Integrated Resource Plan proceeding remained pending at the Kentucky Commission and that it was currently conducting an all-source RFP for purchase power generation resources, which may also provide additional information bearing on the future options for Kentucky Power for the Mitchell Plant.

Mr. Crespo noted the Orders of the West Virginia Commission dated August 4, 2021, and October 2021, in Case No. 20-1040-E-CN, which approved Wheeling Power's request to solely construct ELG environmental projects at the Mitchell Plant and further directed Wheeling Power to take all of, and not to share, the capacity or energy from the Mitchell Plant with customers in states not paying for ELG compliance costs to allow the operation of the Mitchell Plant after 2028. Mr. Walker noted this language and Ms. Wiseman commented that would not be an acceptable outcome and that she did not construe the Kentucky Commission's July 15, 2021, Order in Case No. 2021-00004 as requiring that outcome.

Mr. Crespo noted the statement in the Kentucky Commission's May 3, 2022, Order in Case No. 2021-00421 that the Kentucky Commission expects that if Kentucky Power's Mitchell Plant interest is sold to Wheeling Power when both entities are affiliates, then the sale shall be priced at the greater of net book value or market value, with necessary adjustments, and is subject to Kentucky Commission approval. Mr. Crespo further noted the statements in the West Virginia Commission's July 1, 2022, Order in case No. 2021-0810-E-PC that Wheeling Power must seek approval from the West Virginia Commission prior to purchasing Kentucky Power's interest in Mitchell, and that the West Virginia will not authorize an unreasonable purchase price above scrap value, stating any higher amount would reflect value that should be solely reserved for Wheeling Power's customers who paid for the ELG upgrades but for which the Mitchell Plant would have been obligated to retire effective December 31, 2028.

The Operating Committee engaged in further discussions regarding the foregoing statements in the Commission's orders regarding post-2028 Mitchell Plant operations and transfer pricing. The Owners also discussed the current net book value of each Owner in the Mitchell Plant and that the salvage value for the Mitchell Plant had not been studied.

Mr. Walker and Ms. Wiseman noted that the orders did not appear to point to a clear resolution because of their opposite positions. Discussion then ensued concerning the appropriate next steps

MITCHELL OPERATING COMMITTEE

MINTUES

January 31, 2024

Pursuant to notice, a videoconference meeting of the Operating Committee (the "Committee") of the Mitchell Plant Operating Agreement (the "Agreement") was held on January 31, 2024, at 1:00 p.m. (Eastern).

Operating Representatives Present:

- Aaron Walker, President and Chief Operating Officer, Wheeling Power Company ("Wheeling Power");
- Cynthia Wiseman, President and Chief Operating Officer, Kentucky Power Company ("Kentucky Power"); and
- Tim Kerns, SVP Fossil Hydro Generating Assets, American Electric Power Service Corporation ("AEPSC").

Constituting all the Operating Representatives. Also present were:

- Brian West, VP Regulatory and Finance, Kentucky Power
- John Scalzo, VP Regulatory and Finance, Wheeling Power
- Matthew Satterwhite, SVP Regulatory Services, AEPSC
- John Crespo, DGC Regulatory & Nuclear, AEPSC

Mr. Crespo acted as Secretary of the meeting of the Committee. Mr. Crespo presented and on motion duly seconded the Operating Representatives of Wheeling Power and Kentucky Power, comprising the voting members of the Operating Committee, unanimously approved the agenda for the meeting, attached.

Mr. Crespo reviewed Exhibits A, B and C attached to the agenda, comprising certain orders of the Public Service Commissions of Kentucky and of West Virginia and excerpts thereof related to the future of the Mitchell Plant, and the statutes of Kentucky and West Virginia governing affiliate transactions. Mr. Crespo further drew the attention of the Committee to the important dates affecting the future of the Mitchell Plant, including the deadlines in advance of the PJM base residual capacity auction for the 2028-2029 Delivery Year, currently scheduled for December 2025, and December 31, 2028, the date on which Kentucky Power's interest in the Mitchell Plant must terminate in accordance with the July 15, 2021, Order of the Kentucky Commission in Case No. 2021-00004.

The Operating Representatives engaged in general discussions regarding the information presented and the process for resolving the future of the Mitchell Plant after December 31, 2028.

Mr. Crespo noted the statement made by the Kentucky Commission in its Order dated May 3, 2022, in Case No. 2021-00421, that December 31, 2028 is the date when Kentucky Power's interest in Mitchell must terminate.

to institute a process that would better define the Owners' respective interests and lead to a mutually acceptable resolution.

WHEREFORE, upon motion duly made and seconded, it was unanimously,

RESOLVED, the Owners will enter into further discussions to determine the future of the Mitchell Plant;

RESOLVED, each Owner will convene appropriate processes or proceedings, and present information to and seek feedback from stakeholders and their respective public service commissions, including through one or more public forums, to better define their interests for a mutually acceptable resolution; and

RESOLVED, under the further direction of and as requested by the Owners, the Agent will assist each Owner in conducting such processes or proceedings.

Mr. Walker and Ms. Wiseman further noted that any resolution would likely result in future proceedings before one or both commissions and, potentially, the Federal Energy Regulatory Commission, which would take time. Mr. Walker and Ms. Wiseman discussed that, to avoid negative impacts on customers, issues concerning the future of the Mitchell Plant should be resolved prior to the first deadlines in October 2025 leading up to the PJM base residual capacity auction for the 2028-2029 Delivery Year.

WHEREFORE, upon motion duly made and seconded, it was unanimously,

RESOLVED, that if a solution is not selected by the Owners based on the processes and proceedings instituted herein by July 31, 2024, then the Owners will convene a meeting of the Committee to discuss whether to institute dispute resolution procedures under Article Eleven of the Agreement.

There being no further business, the Operating Committee meeting was adjourned.

VERIFICATION

The undersigned, Timothy C. Kerns, being duly sworn, deposes and says he is the Senior Vice President Fossil Hydro Generating Assets, for 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.

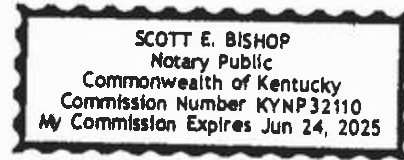
Timothy C Kerns
Timothy C. Kerns

Commonwealth of Kentucky)
County of Boyd)

Case No. 2021-00370

Subscribed and sworn to before me, a Notary Public in and before said County and State, by Timothy C. Kerns, on February 8, 2024.

Scott E. Bishop
Notary Public



My Commission Expires June 24, 2025

Notary ID Number KYNP 32110