COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION OF THE	**)**	
SERVICE, RATES AND FACILITIES OF	**)**	**CASE NO. 2021-00370**
KENTUCKY POWER COMPANY	**)**	

REBUTTAL TESTIMONY

AND EXHIBITS OF

LANE KOLLEN

ON BEHALF OF

THE OFFICE OF THE ATTORNEY GENERAL OF
THE COMMONWEALTH OF KENTUCKY

AND

THE KENTUCKY INDUSTRIAL UTILITY CUSTOMERS, INC.

J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

FEBRUARY 2024

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In the Matter of:

ELECTRONIC INVESTIGATION OF THE SERVICE, RATES AND FACILITIES OF KENTUCKY POWER COMPANY	**)))**	**CASE NO. 2021-00370**

REBUTTAL TESTIMONY OF LANE KOLLEN

Q. Please state your name and business address.

A. My name is Lane Kollen. My business address is J. Kennedy and Associates, Inc. ("Kennedy and Associates"), 570 Colonial Park Drive, Suite 305, Roswell, Georgia 30075.

Q. Did you submit Direct Testimony in this proceeding?

A. Yes. I submitted Direct Testimony on behalf of the Office of the Attorney General of the Commonwealth of Kentucky ("AG") and the Kentucky Industrial Utility Customers, Inc. ("KIUC"). I addressed specific concerns relevant to the Commission's investigation into "whether Kentucky Power is 'satisfy[ing] its regulatory obligations, including, but not limited to, ensuring adequate, efficient and reasonable service and rates that are fair, just and reasonable.'"[1]

[1] Order in Case No. 2023-00370 dated June 23, 2023 at 1-2 citing the scope of the proceeding

The specific concerns that I addressed include 1) the poor performance of Kentucky Power Company's ("Company") coal-fired Mitchell 1, Mitchell 2, Rockport 1, and Rockport 2 generating units and the effects of that performance on customer rates, 2) the Company's ownership, capacity and energy, as well as the ratemaking recovery of the undepreciated and future decommissioning costs of the Mitchell 1 and 2 generating units after December 31, 2028, 3) the significant difference in PJM OATT transmission expense incurred by AEP and allocated to the Company and the PJM OATT transmission revenues that the Company receives as reimbursement for its own transmission costs, and 4) the Company's investment in and maintenance of its distribution system, including the magnitude of the damage and costs incurred to respond to the effects of severe weather events on the Company's distribution system and the effects of those severe weather events on storm cost regulatory asset deferrals and customer rates.

Q. What is the purpose of your Rebuttal Testimony?

A. The purpose of my Rebuttal Testimony is to address the poor performance of the Company's coal-fired Mitchell 1, Mitchell 2, Rockport 1, and Rockport 2 generating units and the economic and ratemaking consequences of that performance on customer rates in response to the Direct Testimony of Company witnesses Brian West, Alex Vaughan, Jeff Plewes, and Tony Clark. None of the Company's witnesses addressed the transmission and distribution issues that I

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initiating the Commission investigation in the Order in Case No. 2023-00370 dated September 15, 2021 at 6.

addressed in my Direct Testimony; consequently, I provide no Rebuttal Testimony related to those issues. I also address the proper ratemaking treatment of the Mitchell generating units after 2028 if none of the capacity or energy from those units serves Kentucky retail customers.

Q. Provide a summary of your testimony.

A. The Company's "regulatory obligations" include, but are not limited to, "adequate, efficient and reasonable service and rates that are fair, just and reasonable."[2] The regulatory obligations include not only sufficient generating capacity and energy to serve customer load, but also the obligation to provide that generating capacity and energy at a cost that results in "rates that are fair, just and reasonable."

The Company, not its customers and not the Commission, is responsible for generating the maximum energy at the lowest cost from its generating units to minimize fuel and purchased power expense and to maximize the offsetting margins from energy sold into PJM in excess of its load requirements.

The Company's generating units operate at low capacity factors and suffer from high equivalent forced outage rates and low equivalent availability factors. The performance of the generating units based on these metrics is a function of AEP corporate strategy and objectives, management planning and execution, maintenance and scheduling, and PJM bidding strategies, among other factors.

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[2] Order in Case No. 2023-00370 dated June 23, 2023 at 1-2 citing the scope of the proceeding initiating the Commission investigation in the Order in Case No. 2023-00370 dated September 15, 2021 at 6.

The performance of the generating units ultimately is an economic evaluation, assuming that there is adequate physical generating capacity and energy available to serve customer load. The better the performance of the generating units, the lower the cost to customers to the extent that it allows the Company to avoid higher cost purchased energy and allows the Company to sell energy in excess of its load requirements at prices greater than the incremental cost of generation. The worse the performance of the generating units, the greater the cost to customers to the extent that it results in higher cost purchased energy to meet native load requirements and reduces or eliminates the opportunity to sell energy in excess of its load requirements at prices greater than the incremental cost of generation.

After 2028, if none of the capacity or energy from the Company's 50% ownership of Mitchell Units 1 and 2 serves Kentucky ratepayers, then all fixed costs of Mitchell (including any remaining net book costs and decommissioning obligations) should be removed from rates.

Q. How did the Company's coal-fired generating units perform compared to all coal-fired generating units nationwide, the coal-fired generating units in PJM, and East Kentucky Power Cooperative's coal-fired Spurlock generating units over the most recent seven year period for which actual information is available?

A. The Company's coal-fired generating units have performed worse than their peers since 2016 by comparison to the nationwide averages, PJM averages, and EKPC's

Spurlock coal-fired generating units. The Mitchell 1 and 2 net capacity factors were lower, equivalent forced outage rates were greater, and the equivalent availability factors were lower than their peers. I have summarized the Mitchell 1 and 2 performance metrics for comparison purposes on the following table.[3]

[3] I included the comparison of the Mitchell 1 and 2 and Rockport 1 and 2 performance metrics to EKPC's Spurlock coal-fired generating units in my Direct Testimony.

Net Capacity Factor (NCF), Equivalent Availability Factor (EAF) and Equivalent Demand Forced Outage Factor (EFORd) Industry Averages and Mitchell Units 1 and 2
%

Generator Category/Classification *	Year	# Units	NCF	EAF	EFORd
FOSSIL Coal Primary 800-999	2016	42	55.3	80.7	7.1
FOSSIL Coal Primary 800-999	2017	36	55.7	78.2	7.5
FOSSIL Coal Primary 800-999	2018	42	54.8	74.2	11.5
FOSSIL Coal Primary 800-999	2019	42	50.3	79.9	6.2
FOSSIL Coal Primary 800-999	2020	36	37.1	79.4	10.3
FOSSIL Coal Primary 800-999	2021	36	44.6	77.3	11.5
FOSSIL Coal Primary 800-999	2022	38	40.6	76.8	12.1
Generating Unit *					
PJM Coal Units	2016	NA	46.2	77.6	9.2
PJM Coal Units	2017	NA	46.6	74.3	11.3
PJM Coal Units	2018	NA	44.4	73.6	10.8
PJM Coal Units	2019	NA	30.1	74.7	10.0
PJM Coal Units	2020	NA	34.3	77.1	8.4
PJM Coal Units	2021	NA	42.6	69.3	11.1
PJM Coal Units	2022	NA	41.8	70.2	12.3
Mitchell Unit 1 **	2016	1	52.1	68.1	15.2
Mitchell Unit 1 **	2017	1	46.5	63.3	26.2
Mitchell Unit 1 **	2018	1	38.1	60.2	21.7
Mitchell Unit 1 **	2019	1	36.0	55.8	13.1
Mitchell Unit 1 **	2020	1	22.4	56.5	19.2
Mitchell Unit 1 **	2021	1	26.4	38.9	48.5
Mitchell Unit 1 **	2022	1	31.5	70.0	16.2
Mitchell Unit 2 **	2016	1	60.0	70.6	12.1
Mitchell Unit 2 **	2017	1	65.8	84.8	3.9
Mitchell Unit 2 **	2018	1	42.4	61.3	13.8
Mitchell Unit 2 **	2019	1	37.8	62.2	11.1
Mitchell Unit 2 **	2020	1	30.2	72.6	14.4
Mitchell Unit 2 **	2021	1	43.2	64.4	14.2
Mitchell Unit 2 **	2022	1	19.9	47.9	22.5

* Source: Response to AG-KIUC 2-2 Attachment 2.
** Source: Annual Mitchell Generating Plant Annual Performance Reports Filed in Case No. 2012-00578 Post Case Correspondence File.

Q. Why does the performance of the Company's coal-fired generating units matter?

A. It matters for two reasons. First, it matters because the cost of energy produced by the Company's coal-fired generating units generally is less than the cost of energy purchased in the PJM markets. The higher cost of purchased energy results in higher Fuel Adjustment Clause ("FAC") rates to customers. Second, it matters because the Company cannot and does not earn margins in excess of its costs if its generating units don't produce energy in excess of native load requirements to sell into the PJM energy markets. The entirety of those margins are used to offset the cost of fuel and purchased power recovered through FAC rates, meaning that the lower those margins, the higher the FAC rates to customers.

Q. How do the costs of the Company's energy purchases compare to the costs of fuel at the Company's coal-fired generating units?

A. The costs of the Company's energy purchases were significantly greater than the cost of fuel at the Company's coal-fired generating units if they had been operated or operated at higher capacity factors. The cost of energy purchases was $47.17 per mWh compared to the cost of fuel at the coal-fired generating units of approximately $23/mWh at Mitchell 1, $23/mWh at Mitchell 2, $37/mWh at Rockport 1, and $35/mWh at Rockport 2 during the review period in the pending FAC review proceeding.[4]

[4] Refer to data found on the subsequent table in this testimony, excluding outliers in March 2022 for Mitchell 1 and in March 2021 for Rockport 1 wherein the cost per mWh was excessive due to extremely limited generation.

The following table shows the fuel cost per mWh for each of the Company's coal-fired generating units compared to the actual purchased power cost per mWh for each month during the review period in the pending FAC review proceeding.

Kentucky Power Company
Average Monthly Coal Generating Unit Fuel Costs and PJM Market Purchase Costs
November 1, 2020 - October 31, 2022
$/mWh

	Mitchell 1 Avg Fuel Costs	Mitchell 2 Avg Fuel Costs	Rockport 1 Avg Fuel Costs	Rockport 2 Avg Fuel Costs	PJM Avg Market Internal Load Purchases
Nov-20	-	23.573	34.413	26.930	20.005
Dec-20	32.023	25.723	-	-	24.485
Jan-21	20.894	-	120.488	-	24.955
Feb-21	26.537	25.511	28.260	29.028	30.504
Mar-21	28.414	20.027	35.427	70.315	24.650
Apr-21	21.660	27.820	32.723	-	27.038
May-21	-	21.207	29.301	-	24.589
Jun-21	22.967	22.200	28.601	30.938	28.875
Jul-21	23.727	21.554	33.437	33.455	30.526
Aug-21	24.780	20.838	33.008	31.669	51.971
Sep-21	25.689	22.429	-	33.527	46.231
Oct-21	30.014	20.739	-	-	57.374
Nov-21	-	24.861	-	-	61.985
Dec-21	-	22.634	-	32.017	38.904
Jan-22	24.076	21.808	36.308	27.065	61.862
Feb-22	-	24.246	31.273	29.804	48.442
Mar-22	1,239.347	-	80.374	-	45.057
Apr-22	26.108	20.204	43.295	29.175	60.459
May-22	23.118	26.880	-	30.027	76.963
Jun-22	24.810	24.288	35.510	37.108	79.131
Jul-22	20.714	26.277	36.165	36.674	84.780
Aug-22	23.961	26.318	36.145	39.520	102.401
Sep-22	22.532	-	-	42.241	78.628
Oct-22	-	-	-	-	57.940

Q. How much energy did the Company purchase during the pending two year FAC review period?

A. The Company purchased 44% of its energy requirements for native load at a total cost of $238.7 million during the two year period.

Q. Company witness Tony Clark sets forth an analytical framework that includes economic adequacy in addition to physical adequacy. Do you agree that the Commission should address economic adequacy in addition to physical adequacy?

A. Yes. Mr. Clark proposes that the Commission address economic adequacy by inquiring into the question of "were the company's choices about how it structured its capacity and energy acquisitions economically prudent for customers given the best information management had at the time the decisions were made?"[5]

Q. Is Mr. Clark's proposed scope of inquiry sufficient to fully address the Commission's Order in which it set the scope of this proceeding broadly to assess whether the Company was providing "adequate, efficient and reasonable service and rates that are fair, just and reasonable"?[6]

A. No. Mr. Clark's proposed scope of inquiry is unduly limited because it focuses on the "structure" of the capacity and energy acquisition process, rather than both the structure and the *result* of the process. His proposed scope fails to sufficiently address whether the Company operates, maintains, and invests in its generating units and sells excess energy into the PJM markets to maximize the value of its coal-fired generating units in order to minimize the total cost to customers. The

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[5] Direct Testimony of Tony Clark at 4.

[6] Order in Case No. 2023-00370 dated June 23, 2023 at 1-2 citing the scope of the proceeding initiating the Commission investigation in the Order in Case No. 2023-00370 dated September 15, 2021 at 6.

poor performance of the Company's coal-fired generating units merits a broader and comprehensive scope of inquiry as to the failure of the Company to generate more energy from its coal-fired generating units both to avoid higher cost energy purchases and to sell more excess energy at margins for the benefit of its customers.

Q. Did Mr. West, Mr. Plewes, or Mr. Vaughn fully address economic adequacy in response to the Commission Order setting the scope of this proceeding to assess whether the Company was providing "adequate, efficient and reasonable service and rates that are fair, just and reasonable"?

A. No. They did not address the economic adequacy of the *result* of the acquisition process, except for generalized claims and assertions that the Company's fuel and purchased power expenses were reasonable, essentially by definition, because its generating units were dispatched economically compared to purchasing energy. These claims completely fail to address the strategies and underlying decisions that affected and continue to affect the actual performance of the generating units and the fuel and purchased power expense recovered in the rates charged to retail customers. These decisions affected and continue to affect the Mitchell generating units and their availability to actually produce economic energy in lieu of purchasing higher cost energy to meet native load requirements and sell excess energy at a margin.

Q. Does the Company have a coherent and documented strategy and plans or programs in place to maximize the value of its generating units in order to minimize costs to customers?

A. No. The Company has no specific strategies, programs or goals to improve the performance of its coal-fired generating units other than its routine expense and capital budgeting process.[7] The Company has no specific strategies to increase its sales of excess energy into the PJM markets. This is insufficient and inadequate because it allows the poor performance of these generating units to continue simply as the default outcome. This affects not only the fuel and purchased power expense actually incurred and recovered from customers in FAC rates, but also reduces or eliminates the margins from selling excess energy to reduce the FAC rates.

Even worse, the Company actually engages in strategies that reduce or eliminate the production of energy from its coal-fired generating units for native load requirements and the sale of excess energy. AEP, on behalf of the Company, routinely offers the Company's coal-fired generating units into the PJM markets based on a price or offer curve that includes a premium or adder to its costs at a level that ensures its bids are uneconomic and will *not* be accepted by PJM ("[t]he resulting pricing increment is implemented to reduce unit dispatch").[8] The results of this bidding strategy and underlying operational strategy are increased purchases of energy at a higher cost than the energy that could have been produced by the

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[7] Responses to AG-KIUC 2-10 and AG-KIUC 2-11. I have attached a copy of the response to AG-KIUC 2-10 and the narrative portion of the response to AG-KIUC 2-11 as my Rebuttal Exhibit___(LK-1).

[8] Response to Staff 2-2(b) in Case No. 2023-00008. I have attached a copy of the narrative portion of this response as my Rebuttal Exhibit___(LK-2).

coal-fired generating units, lower sales of excess energy, and the inevitable harm to customers in the form of higher rates.

For example, the Company routinely added a premium in its pricing or offer curve to PJM, which PJM uses as an input to the dispatch algorithm.[9] The Company added this premium to "manage each unit's coal inventory" from at least October 2021 through November 2022, based on the record in Case No. 2023-00008.[10] The adder ranged from a low of $8 per mWh to $111 per mWh.[11] The Company included this adder to ensure that the Mitchell generating units were not dispatched during that 14 month period because it not only had insufficient coal inventories, but also because it had inadequate supply contracts to procure coal to actually operate the Mitchell generating units when it could have economically produced more energy instead of purchasing energy and when it would have earned the Company margins on sales of energy in excess of its load requirements.

Q. Are the poor performance of the Company's coal-fired generating units and the economic outcomes of higher costs and higher customer rates outside the control of the Company?

A. No. Many of the limitations on the Company's operation of the coal-fired generating units were not and are not external or solely economic, but rather are

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[9] The Company also refers to such premiums as a "coal conservation adder" or "pricing increment in its testimony and responses to discovery."

[10] Response to Staff 2-2(c), including Attachment 1, which provide the hourly premium for the FAC review period in that proceeding. Refer to the narrative portion of this response, a copy of which I have attached as my Rebuttal Exhibit___(LK-2).

[11] *Id.*

self-imposed physical limitations that result in predictable and self-effectuating uneconomic outcomes. The uneconomic outcomes result in higher rates and economic harm to customers.

For example, as noted previously, the Mitchell generating units have very high equivalent forced outage rates, much higher than the average of the coal-fired units nationwide and much higher than the average of the PJM coal-fired units. The Mitchell generating units have low equivalent availability factors, meaning that they cannot be dispatched either due to forced outages, planned outages, or other types of outages. The high forced outage rates and low equivalent availability factors contribute to lower net capacity factors. The Company's maintenance and investment decisions affect these performance metrics. The Company's PJM bidding strategies affect these performance metrics. The Company's coal procurement decisions affect these performance metrics.

In addition, the Company is focused on coal inventory management at the Mitchell generating units, which, at best, should be a secondary, not the primary concern. The primary focus should be on maximizing the availability of the generating units so that they have can actually run at full capacity when it is economic and that they have the fuel available to do so. That requires a fuel procurement and inventory management strategy that provides sufficient flexibility to operate the generating units when it is economic to do so. It hardly is a valid excuse for the Company to argue that it doesn't have the coal supply available to operate because it does not intend to or cannot operate the generating units given its focus on controlling the inventory.

Q. What is the status of the discussions among AEP, the Company, and Wheeling Power with respect to the capacity and energy of the Company's 50% ownership interest in each of the Mitchell generating units?

A. The Company was asked this question in AG-KIUC discovery and its counsel objected to the request.[12] Its counsel also asserted that "the Company does not have Commission authorization to make the necessary investments to upgrade the Mitchell Generating Units to comply with federal environmental requirements beyond December 31, 2028. Therefore, the terms 'the continuing ownership, capacity entitlements, and/or energy entitlements of the Company to its 50% undivided ownership interests in the Mitchell units after December 31, 2028' are unintelligible."[13]

The disposition of the Company's 50% undivided share in each of the Mitchell generating units has not been resolved, as I discussed in my Direct Testimony. Yet, the Company apparently has taken the position that the Company no longer will have any entitlement to the capacity or energy associated with its ownership of the Mitchell generating units after December 31, 2028. That may very well be a legal issue, yet that determination is not resolved.

In any event, if there is no resolution prior to December 31, 2028 and AEP, Wheeling Power Company, and/or the Company take the position that the Company has no ownership and/or has no entitlement to capacity and energy from

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[12] Response to AG-KIUC 2-13.
[13] *Id.*

those generating units after December 31, 2028, then the Commission should ensure that the fixed costs of the generating units (including any remaining net book costs and decommissioning obligations) are removed in their entirety from any form of ratemaking recovery through base rates, environmental surcharge rates, and any other Kentucky retail rates effective on and after January 1, 2029.

Such a ratemaking approach would provide the same ratemaking outcome as a sale or transfer at net book value and transfer of the decommissioning obligation to Wheeling Power Company.

In no circumstance should Kentucky retail customers pay any of the costs of a power plant that does not provide capacity and energy to serve Kentucky retail customers.

Q. Does this complete your Rebuttal Testimony?

A. Yes.

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REBUTTAL EXHIBITS

OF

LANE KOLLEN

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THE OFFICE OF THE ATTORNEY GENERAL OF
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J. KENNEDY AND ASSOCIATES, INC.
ROSWELL, GEORGIA

FEBRUARY 2024

REBUTTAL EXHIBIT___(LK-1)

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

DATA REQUEST

AG-KIUC 2_10	Provide a copy of all documentation of plans and/or programs since January 2020 that demonstrate the intent and actions necessary and/or taken by AEP, AEPSC, the Company, and/or Wheeling Power Company to improve the performance and output of the Company's coal-fired generating units, including, but not limited to, the implementation of specific target performance metrics. If none, then so state.

RESPONSE

The Company engages in ongoing and continuous activities to improve the performance and output of the Company's coal-fired generating units as reflected in its Capital Project investments, and Operation and Maintenance activities during its Planned Outages. Other examples of continuous improvement activities include investments made on the boilers at Mitchell generating station to improve their efficiency.

Please see KPCO_R_AG_KIUC_2_10_Attachment1 for information related to investments on the boilers at Mitchell generating station.

The Company also reserves the right to supplement this response to the extent additional information is identified.

Witness: Timothy C. Kerns

Preparer: Counsel (as to the objections)

Mitchell							
Year	**Unit**	**Project Description**	**Type**	***O&M Costs**	***Capital Investment**	**Availability Improvement**	**Cycle Efficiency Improvement**
2021	1	Boiler Inspection	O&M	$ 290,000		X	
2021	2	Boiler Inspection	O&M	$ 369,000		X	
2021	2	U-2 Replace Burner Nozzles	O&M	$ 45,000		X	
2022	1	MLU1 11F Burner Nozzle Tip & Thermocouple Replacement	Capital Project		$ 17,000.00	X	
2022	1	MLU122F Boiler Inspection	O&M	$ 167,000		X	
2022	2	MLU2 Install Weld Overlay in Lower Furnace	Capital Project		$ 1,388,000.00	X	
2022	2	MLU2 Install Isomebrane in Steam Generator Penthouse to replace Penetration Seals	Capital Project		$ 547,000.00	X	
2022	2	MLU2 Penthouse Seal Air Fan Outlet Exp Jnt Replace	Capital Project		$ 69,000.00	X	
2022	2	MLU222F Boiler Inspection	O&M	$ 552,000		X	
2022	1,2	Pulverizer Testing/Tuning U1 & U2	O&M	$ 25,000		X	
2023	1	Boiler Inspection	O&M	$ 44,000		X	

Note: Costs reflect Direct Costs.

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

DATA REQUEST

AG-KIUC 2_11 Provide a copy of all monthly and other operating reports prepared by and/or for the plant managers at Rockport and Mitchell since January 2020 that show, among other things, the Company's target and actual performance metrics, commentaries on variances between target and actual performance, and remedial plans to improve performance and output. If none, then so state.

RESPONSE

The Company objects to this request on the basis that it is vague, ambiguous, argumentative, unintelligible, and not reasonably calculated to the discovery of admissible evidence. The Company further objects to the extent the request seeks documents and information not in the Company's custody and control. The Company does not have, and has not ever had, a property interest in the Rockport Generating Units, nor control over their operation and maintenance.

Without waiving these objections, the Company states as follows:

Please see KPCO_R_AG_KIUC_2_11_Attachment1 for available information for 2023.

Please see KPCO_R_AG_KIUC_2_11_Attachment2 for available information for 2022.

Please see KPCO_R_AG_KIUC_2_11_Attachment3 for available information for 2021.

Please see KPCO_R_AG_KIUC_2_11_Attachment4 for available information for 2020.

Information not related to Kentucky Power has been redacted from the above attachments.

Witness: Timothy C. Kerns

Preparer: Counsel (as to the objections)

REBUTTAL EXHIBIT___(LK-2)

Kentucky Power Company
KPSC Case No. 2023-00008
Commission Staff's Second Set of Data Requests
Dated October 19, 2023

DATA REQUEST

KPSC 2_2 Refer to the Vaughan Direct Testimony, page 12, lines 20–22 and page 13, lines 1–2.

a. Explain whether the offer curve can be adjusted on an hour-by-hour basis such that an adder can be included for some hours, but not others.

b. Explain how the amount of an hourly adder is determined to influence when PJM may call upon either Mitchell unit to run.

c. In Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible, provide which hours over the two-year period an adder was included in each Mitchell unit offer curve

RESPONSE

a. Yes it can be adjusted hourly.

b. Each month, in order to provide customers with the most economic benefit from the Company's generation portfolio, members of AEPSC Commercial Operations, AEPSC Fuel Procurement, various generation personnel, and AEPSC Regulatory Services meet to review the current inventory levels at each coal-fired generating unit, the expected deliveries of coal, expected electricity demand, and market forward prices in order to forecast future coal inventory levels. This meeting also includes a discussion of scheduled outages, scheduled equipment testing, and potential market events such as a transmission outage that may require PJM to commit the unit. The final result is the determination of a pricing increment needed to manage each unit's coal inventory based on the information available. The resulting pricing increment is implemented to reduce unit dispatch, primarily in off-peak hours, for the unit in question, thus preserving coal supply to maximize customer benefit in hours with high market prices. For additional information please see Vaughan Direct Testimony on pages 12 to 14.

c. Please refer to KPCO_R_KPSC_2_2_Attachment1 for the requested information. The adder information is "effective dated" meaning that after the initial date and adder, that adder remained in effect until a subsequent change is made.

Witness: Alex E. Vaughan

AFFIDAVIT

STATE OF GEORGIA)

COUNTY OF FULTON)

LANE KOLLEN, being duly sworn, deposes and states: that the attached is his sworn testimony and that the statements contained are true and correct to the best of his knowledge, information and belief.

Lane Kollen

Sworn to and subscribed before me on this
21st day of February 2024.

Jessica K. Inman

Notary Public

Jessica K Inman
NOTARY PUBLIC
Cherokee County, GEORGIA
My Commission Expires 07/31/2027