

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

The Electronic Application Of Kentucky Power)
Company For Approval Of Affiliate Agreements) Case No. 2021-00421
Related To The Mitchell Generating Station)

DIRECT TESTIMONY OF
TIMOTHY C. KERNS
ON BEHALF OF KENTUCKY POWER COMPANY

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I. INTRODUCTION AND BACKGROUND

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

2 A. My name is Timothy C. Kerns and my business address is Rockport Generating
3 Station, 2791 N. US Highway 231, Rockport, IN 47635. I am Vice President
4 Generating Assets for Indiana Michigan Power Company (“I&M”) and Kentucky
5 Power Company (“Kentucky Power” or the “Company”). I&M and Kentucky
6 Power are wholly-owned subsidiaries of American Electric Power Company, Inc.
7 (“AEP”).

8 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND
9 AND BUSINESS EXPERIENCE.**

10 A. I hold a Bachelor of Science in Mechanical Engineering Degree from West Virginia
11 Institute of Technology and have been employed with AEP for 32 years. I have
12 worked at various power plants across the AEP system as a Performance Engineer,
13 a Maintenance Engineer, and a Plant Manager. From 2001 to 2005, I was the
14 Regional Services Organization Manager responsible for providing maintenance-
15 related services to AEP’s Fossil, Hydro, and Nuclear generating fleet facilities
16 owned by various AEP affiliates. I have also held the positions of Regional
17 Engineering Manager and Regional Outage Manager. I was promoted to my
18 current position with American Electric Power Service Corporation (“AEPSC”) in
19 October 2020. AEPSC supplies engineering, financing, accounting, and planning
20 and advisory services to the subsidiaries of AEP.

1 **Q. PLEASE BRIEFLY DESCRIBE YOUR DUTIES AND RESPONSIBILITIES**
2 **AS VICE PRESIDENT GENERATING ASSETS FOR KENTUCKY**
3 **POWER AND I&M.**

4 A. I am responsible for the safe, reliable, and economic operation of the fossil-fueled
5 generating assets owned or operated by Kentucky Power and I&M. Specifically, I
6 plan, organize, coordinate, direct, and control plant activities, including the
7 operations, maintenance, engineering, and construction of the plant facilities. I also
8 oversee plant budgets and interface with other AEP functional groups such as
9 accounting, regulatory, and commercial operations to ensure the needs of the
10 generating plants are met. Additionally, I am responsible for the decommissioning,
11 demolition, and disposition of generating assets owned or operated by Kentucky
12 Power and I&M.

13 In my capacity as Vice President Generating Assets for Kentucky Power, I
14 have direct oversight over the operation and management of the Mitchell Plant.

15 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN ANY REGULATORY**
16 **PROCEEDINGS?**

17 A. Yes. I have submitted testimony on behalf of Kentucky Power Company before
18 the Public Service Commission of Kentucky in Case No. 2020-00174. I have also
19 submitted testimony on behalf of I&M before the Indiana Utility Regulatory
20 Commission.

II. PURPOSE OF TESTIMONY

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
2 **PROCEEDING?**

3 A. The purpose of my testimony is to describe the Mitchell Plant and to explain that
4 the proposed change to make Wheeling Power Company (“Wheeling Power”) the
5 operator of the Mitchell Plant will not impact the Plant’s day-to-day operations. I
6 will also describe Wheeling Power’s ability to safely and reliably operate the
7 Mitchell Plant going forward.

III. THE MITCHELL GENERATING PLANT

8 **Q. PLEASE DESCRIBE THE MITCHELL GENERATING PLANT.**

9 A. The Mitchell Plant is located approximately 12 miles south of Moundsville, West
10 Virginia on the Ohio River. Kentucky Power owns an undivided 50% interest in
11 the Mitchell Plant; the other 50% interest is owned by Wheeling Power, an affiliate
12 of Kentucky Power. The plant comprises two super-critical pulverized coal-fired
13 base-load generating units. Mitchell Unit 1 has a capacity of 770 MW and Mitchell
14 Unit 2 has a capacity of 790 MW for a total capacity of 1,560 MW. Both units
15 were placed in service in 1971. Each unit is equipped with an electrostatic
16 precipitator for control of particulate matter, a flue gas desulfurization system for
17 sulfur dioxide control, and selective catalytic reduction technology and low-NO_x
18 burners for control of nitrogen oxide (NO_x) emissions. Both units also utilize a dry
19 fly ash handling system.

1 **Q. IS THE MITCHELL PLANT CURRENTLY EXPECTED TO OPERATE**
2 **BEYOND DECEMBER 31, 2028?**

3 A. Yes. December 31, 2028, is the latest possible date the Mitchell Plant can operate
4 without performing ELG retrofits. However, the plant will be able to operate past
5 December 31, 2028, as a result of decisions by the Public Service Commission of
6 West Virginia (“WVPSC”). As ordered by the WVPSC, Wheeling Power is
7 required to perform retrofits to comply with both the Coal Combustion Residuals
8 Rule (the “CCR Rule”) and the Effluent Limitation Guidelines (the “ELG Rule”)
9 to enable Wheeling Power to run the plant past 2028. Company witness Mattison
10 discusses the WVPSC’s decisions and this Commission’s relevant Orders in more
11 detail.

IV. KENTUCKY POWER’S ROLE AS OPERATOR UNDER THE CURRENT
MITCHELL PLANT OPERATING AGREEMENT

12 **Q. PLEASE GENERALLY DESCRIBE KENTUCKY POWER’S ROLE AS**
13 **OPERATOR UNDER THE CURRENT MITCHELL PLANT OPERATING**
14 **AGREEMENT.**

15 A. Kentucky Power is the operator of the Mitchell Plant under the Current Mitchell
16 Plant Operating Agreement (“Current Mitchell Agreement”). The Current Mitchell
17 Agreement governs the operation and maintenance of the Mitchell Plant, the cost
18 sharing of O&M and capital investments between Kentucky Power and Wheeling
19 Power as the owners of the Plant, and the Plant’s Operating Committee. The
20 Operating Committee, among other things, reviews and approves budgets,
21 procedures and systems for dispatch and unit commitment, makes decisions on
22 capital projects including unit upgrades and repowering, establishes billing

1 procedures, and approves material contracts. The Operating Committee consists of
2 three members: voting representatives from both Kentucky Power (Company
3 witness Mattison) and Wheeling Power (Christian Beam, its President) and a non-
4 voting representative of AEPSC. I am the member of the Operating Committee on
5 behalf of AEPSC.

6 As described in greater detail by Company witness Mattison, due to the
7 differing decisions reached by the Kentucky and West Virginia Commissions
8 regarding ELG-related investments, it is necessary to replace the Operating
9 Agreement to reflect future operations of and investment in the Mitchell Plant.
10 Company witness Mattison describes in greater detail the previously-approved
11 Current Mitchell Agreement and the two new proposed agreements (collectively
12 the “New Mitchell Agreements”) that are the subject of the Company’s
13 Application.

14 **Q. AS THE VICE PRESIDENT GENERATING ASSETS FOR KENTUCKY**
15 **POWER, WHAT HAS BEEN YOUR INVOLVEMENT IN THE**
16 **OPERATION OF THE MITCHELL PLANT?**

17 A. With Kentucky Power having been the Mitchell Plant’s operator, I have overall
18 responsibility for the operation and maintenance of the Plant in my capacity as
19 Kentucky Power’s Vice-President Generating Assets. I am familiar with the day-
20 to-day operation of the Mitchell Plant as a result of my responsibilities in the
21 oversight of Plant personnel in connection with the safe, reliable, and economic
22 operation of the Plant. In this regard, my responsibilities include interacting on a
23 regular basis with the Mitchell Plant manager, who reports directly to me, as well

1 as with other Plant personnel in connection with both day-to-day and longer term
2 Plant activities.

3 In addition, as a non-voting member of Mitchell Plant Operating
4 Committee, I regularly review and approve budgets, review investments, and help
5 plan the safe and reliable operation of that facility.

6 **Q. HAVE YOU REVIEWED AND ARE YOU FAMILIAR WITH THE**
7 **PROPOSED MITCHELL PLANT OPERATION AND MAINTENANCE**
8 **AGREEMENT AND THE PROPOSED MITCHELL PLANT OWNERSHIP**
9 **AGREEMENT?**

10 A. Yes. I have reviewed the proposed Mitchell Plant Operations and Maintenance
11 Agreement, which describes the duties of the Mitchell Plant operator. I have also
12 reviewed the Mitchell Plant Ownership Agreement generally, including
13 specifically the provisions most related to Mitchell Plant day-to-day operations,
14 which include Section 1.5 (appointing Wheeling Power the operator of the Mitchell
15 Plant), Section 5.1 (regarding fuel procurement by the Operator), and Sections 6.1
16 and 6.3 (regarding monthly determination of O&M expenses by the Operator).

17 **Q. WILL THE CHANGE TO MAKE WHEELING POWER THE OPERATOR**
18 **OF THE MITCHELL PLANT IMPACT THE PLANT'S FUTURE**
19 **OPERATION OR ASSOCIATED COSTS?**

20 A. No. Wheeling Power will become the operator of the Mitchell Plant, and all Plant
21 employees will become employees of Wheeling Power. I will continue to have
22 overall managerial responsibility for the Mitchell Plant, as I do now, and the plant
23 manager will continue to report to me. Instead of charging Kentucky Power for the
24 time I spend managing Mitchell, as I do now as an AEPSC employee, I will charge

1 that time to Wheeling Power, which will bill Kentucky Power for its appropriate
2 share of those costs under the New Mitchell Agreements. In addition, with
3 Wheeling Power becoming the operator of the Mitchell Plant, the Plant will
4 continue to receive support services from AEPSC, the same service corporation that
5 provides technical support to the Plant today and will continue to do so as long as
6 the Plant remains in service. As a result, as the Plant continues to operate in the
7 future, it will be managed and planned by the same employees responsible for that
8 work today, with the same support at the corporate level that exists today from
9 AEPSC. Consequently, I do not anticipate any changes in the operation of the
10 Plant, or the associated costs, as a result of Wheeling Power becoming the operator
11 of the Mitchell Plant.

12 **Q. WILL THE CHANGE TO MAKE WHEELING POWER THE OPERATOR**
13 **OF THE MITCHELL PLANT NEGATIVELY AFFECT THE PLANT'S**
14 **OPERATION?**

15 A. No. To reiterate, the Plant will be operated and maintained by the same employees
16 that do so today. I would not anticipate any negative impacts on the Plant's
17 operation as a result of Wheeling Power becoming the operator of the Mitchell
18 Plant.

19 **Q. WILL WHEELING POWER BE CAPABLE OF OBTAINING**
20 **ENVIRONMENTAL AND OTHER PERMITS FOR THE MITCHELL**
21 **PLANT, INCLUDING FOR THE ELG PROJECT?**

22 A. Yes. In particular, I expect that Wheeling Power will be able to promptly seek
23 modifications of environmental permits related to the ELG Project currently held
24 in Kentucky Power's name to transfer those to the name of Wheeling Power and to

1 hold any subsequent permits related to that project in its name. This expectation is
2 based on my understanding of Wheeling Power's ability to operate the Mitchell
3 Plant and the support that Wheeling Power will receive from the AEPSC
4 Environmental Services organization.

V. CONCLUSION

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes, it does.



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E-Signature 1: Timothy C Kerns (TCK)

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 tckerns@aep.com (Principal) (Personally Known)

E-Signature Notary: S. Smiithisler (SRS)

November 19, 2021 08:37:15 -8:00 [7FA78A533D31] [167.239.221.104]
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I, S. Smiithisler, did witness the participants named above electronically sign this document.



